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## PART-II

## EXTRAORDINARY

INDIA INTERNATIONAL DEPOSITORY IFSC LIMITED

BYE LAWS

25 AUGUST, 2022

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## PART A: GENERAL

## CHAPTER 1: TITLE AND COMMENCEMENT

In exercise of the powers conferred under the International Financial Services Centres Authority Act, 2019 (hereinafter referred to as **“the IFSCA Act” or the “Act”**) read with the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 (hereinafter referred to as **“the MII Regulations”**) and the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020 (hereinafter referred to as **“the Bullion Exchange Regulations”**) and other Applicable Laws, India International Depository IFSC Limited hereby makes the following Bye Laws which have been approved by the IFSCA.

- 1.1. These Bye Laws shall be called the **“Bye Laws of India International Depository IFSC Limited”** and are for the sake of brevity and convenience, herein referred to as **“the Bye-Laws” or “these Bye Laws” or “the Bye Laws of IIDIL.”**
- 1.2. These Bye Laws shall come into force with effect from such date as the International Financial Services Centres Authority (hereinafter referred to as **“the IFSCA” or “IFSCA” or the “Authority”**) established under the IFSCA Act grants recognition to India International Depository IFSC Limited (hereinafter referred to as **“the IIDIL”**) in terms of the powers given to the IFSCA under Applicable Laws or such other later date (post such recognition) as the Board of IIDIL may notify in that behalf.
- 1.3. These Bye Laws shall be in addition to the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA and / or Central Government and the MII Regulations and the Bullion Exchange Regulations and the circulars or guidelines or directions issued by the IFSCA and / or Central Government thereunder. These Bye Laws shall at all times be read subject to the provisions of the IFSCA Act, and rules and regulations made thereunder by IFSCA and / or Central Government thereunder and the circulars or guidelines or directions issued by the IFSCA and / or Central Government thereunder, as amended from time to time and the, directives, orders, guidelines, norms and circulars issued by the Government of India and/or IFSCA from time to time.
- 1.4. In case of difference between the provisions of any Bye Laws of IIDIL and the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA and / or Central Government thereunder and the circulars or guidelines or directions issued by the IFSCA and / or Central Government thereunder, the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA and / or Central Government thereunder and the Bullion Exchange Regulations and circulars or guidelines or directions issued by the IFSCA and / or Central Government thereunder, shall prevail over the relevant Bye Law of IIDIL.

## CHAPTER 2: DEFINITIONS

Unless the context otherwise requires:

- 2.1. **“Applicable Laws”** shall mean the International Financial Services Centres Authority Act, 2019, the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations 2021, the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020, Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015, and all rules, regulations, instructions, orders, circulars, guidelines and/or directions issued/ may be issued by the IFSCA and / or Central Government and / or SEBI or any other regulator with respect to regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres / IFSC are concerned, from time to time and all other applicable laws governing IIDIL and its activities in the IFSC, which may include the Securities Contracts (Regulation) Act, 1956 and rules and regulations thereunder, Securities and Exchange Board of India Act, 1992 and rules, regulations, directions or guidelines thereunder, Securities and Exchange Board of India (Depositories & Participants) Regulations, 2018 (to the extent applicable), Depositories Act, 1996 and rules and regulations thereunder, Companies Act, 2013 and rules thereunder.
- 2.2. **“Articles of Association”** means the articles of association of IIDIL.
- 2.3. **“Authority” or “IFSCA”** means the International Financial Services Centres Authority established under sub-section (1) of section 4 of the IFSCA Act.
- 2.4. **“Beneficial Owner” or “beneficial owner”** in relation to a: (i) Securities means a person whose name is recorded as such with IIDIL and fulfils the requirement as per the Applicable Laws for a beneficial owner in relation to the Securities; (ii) Bullion Depository Receipt means a person whose name is recorded as such with IIDIL and fulfils the requirement as per the Applicable Laws for a beneficial owner in relation to the Bullion Depository Receipt, and shall have the meaning assigned to term **“beneficial owner”** in the Bullion Exchange Regulations, as amended from time to time.
- 2.5. **“Board” or “Board of Directors”** means the Board of Directors of IIDIL constituted in terms of CHAPTER 3: of these Bye Laws and the MII Regulations, the Bullion Exchange Regulations and any other applicable laws.

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- 2.6. **“Bullion”** or **“bullion”** shall mean precious metals, including gold, silver or any other precious metal in the form of bars or unallocated gold, silver, or such other precious metals, as the IFSCA may consider relevant in this regard, relating to good delivery, quality, quantity, and any other aspect in relation to bullion trading from time to time, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
- 2.7. **“Bullion Clearing Corporation”** means a Financial Institution under clause (c) of sub-section (1) of section 3 of the IFSCA Act, recognised by the IFSCA under the Bullion Exchange Regulations, to offer clearing and settlement functions in the Bullion Market, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
- 2.8. **“Bullion Contract”** means a contract for the purchase and sale of Bullion, Bullion Depository Receipts or such other Bullion products, including derivatives on Bullion, bullion spot delivery contracts, and such other contracts as may be permitted by the IFSCA, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
- 2.9. **“Bullion Depository Receipt”** means a receipt issued in electronic form with underlying Bullion by IIDIL, under the Bullion Exchange Regulations, to a Depositor on receipt of Bullion for storage by an empanelled Vault, which can be traded on the Bullion Exchange, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time. \
- 2.10. **“Bullion Depository System”** means the electronic system of IIDIL for the purposes including but not limited to safe and accurate creation, storage, maintenance, cancellation, transfer of Bullion Depository Receipts and for creation and removal of pledge and Limited Purpose E-Auction thereof.
- 2.11. **“Bullion Exchange”** means a Financial Institution under clause (c) of sub-section (1) of section 3 of the IFSCA Act, established and recognised for the purpose of assisting, regulating and controlling Bullion Contracts in an IFSC, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
- 2.12. **“Bullion Market”** includes the Bullion Exchange, Bullion Clearing Corporation, bullion depositories, Vaults, Bullion Contracts dealt therein, and any other persons involved therein, and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
- 2.13. **“Bullion Trading Member”** means a person having trading rights on the Bullion Exchange in terms of the Bullion Exchange Regulations and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
- 2.14. **“Bullion Operating Instructions”** means and includes such guidelines, circulars and manuals, containing the practices, procedures, functional and operational parameters, relating to services of the Bullion Depository System as approved and notified by the Board of IIDIL from time to time.
- 2.15. **“Bye Laws”** means the Bye Laws of IIDIL as amended from time to time.
- 2.16. **“Clearing Corporation”** means an entity that is established to undertake the activity of clearing and settlement of trades in Securities or other instruments or products that are dealt with or traded on a recognised Stock Exchange in IFSC and includes a clearing house.
- 2.17. **“Clearing Member”** means a person having clearing rights in any recognised Clearing Corporation.
- 2.18. **“Client”** means a person who has opened an account with IIDIL, for availing bullion depository services offered by IIDIL and includes a Beneficial Owner and/or Depositor, as may be applicable, who uses such services.
- 2.19. **“Committee(s)”** means the Committee of IIDIL formed in accordance with CHAPTER 3: of these Bye Laws.
- 2.20. **“Company”** means any entity formed and registered under Companies Act, 1956, the Companies Act, 2013 or any other previous company law, as applicable.
- 2.21. **“Consumer”** means a constituent of a Bullion Trading Member and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
- 2.22. **“Corporate Action”** includes any action relating to specifying dates for book closures, record dates, shut period dates for payment of interest or dividend, dates for annual general meetings, dates of redemption or maturity of Securities, dates of conversion of debentures, warrants, call money dates and such other actions taken by the Issuer from time to time.
- 2.23. **“Corporate Benefits”** means benefits accruing from time to time from the Issuer to the Beneficial Owner in respect of the Securities of such Issuer held by such Beneficial Owner and includes dividends, interest, bonus shares, rights, preferential allotments, warrants, discount coupons, redemption at premium and such other benefits.
- 2.24. **“Depositor”** means a Consumer who delivers Bullion to the Vaults empanelled with IIDIL for storage and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.

- 2.25. **“Demat Account”** means the account of the Client opened with IIDIL, for the purposes of dealing with the Bullion Depository Receipts/ Securities listed on Bullion Exchange/ Stock Exchange in IFSC or for holding any other instrument allowed and capable of being held in such account in IFSC in terms of the Applicable Laws, as the case maybe.
- 2.26. **“Disciplinary Action Committee”** means the committee as formed under CHAPTER 34 of these Bye Laws.
- 2.27. **“Electronic Balance”** with reference to Client shall mean the net balance arrived after debit and credit of Bullion Depository Receipts issued by IIDIL as reflected in the Demat Account of the Client.
- 2.28. **“Eligible Security(ies)”** means a Security/ Securities or other instruments which is specified by IIDIL pursuant to Regulation 44 of the MII Regulations to be eligible for being held in dematerialized form in IIDIL in accordance with these Bye Laws and the Applicable Laws, including such securities/instruments issued or listed as per International Financial Services Centres Authority (Issuance and Listing of Securities) Regulations, 2021.
- 2.29. **“Government Securities”** shall have the meaning assigned to the term “Government security” in the Government Securities Act, 2006, which securities are eligible to be issued / held / traded in IFSC.
- 2.30. **“IFSC”** shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005.
- 2.31. **“IFSCA”** or **“the IFSCA”** or **“Authority”** shall have the meaning as ascribed to it in Paragraph 1.2 of these Bye Laws.
- 2.32. **“IFSCA Act”** means International Financial Services Centres Authority Act, 2019.
- 2.33. **“Information”** includes data, message, text, images, sound, voice, codes, computer programs, software and databases or micro-film or computer-generated micro fiche or any other electronic form.
- 2.34. **“Issuer”** shall mean (i) any entity incorporated in India seeking to raise capital in foreign currency other than Indian rupee which has obtained requisite approval under Foreign Exchange Management Act, 1999 (FEMA) or exchange control regulations as may be applicable; or (ii) an entity incorporated in a foreign jurisdiction, provided such entity is permitted to issue Securities outside the country of its incorporation or establishment or place of business as per the laws and regulations of its country of incorporation, jurisdiction or its constitution, or (iii) any supranational, multilateral or statutory organization/institution/agency provided such organization/institution/agency is permitted to issue Securities as per its constitution, in terms of the MII Regulations read with other Applicable Laws and as amended from time to time, and shall have the meaning as provided to it under the Applicable Laws with reference to IFSC, including such entities which can issue or list its securities in IFSC as per International Financial Services Centres Authority (Issuance and Listing of Securities) Regulations, 2021.
- 2.35. **“Key Management Personnel”** or **“KMP”** shall have the meaning as ascribed to it under MII Regulations.
- 2.36. **“Limited Purpose E-Auction”** means the process of limited purpose E-Auction as may be prescribed by IIDIL for the purpose of conducting auction on an online electronic platform.
- 2.37. **“Managing Director”** shall have the meaning as ascribed to it under Companies Act, 2013 or under any Applicable Laws.
- 2.38. **“Market Trades”** means trades concluded through the trading system of a recognised Stock Exchange and cleared and settled through the Clearing Corporation which has entered into an agreement with IIDIL as required by these Bye Laws and include trades which are negotiated privately and reported for clearing and settlement through such Clearing Corporation.
- 2.39. **“Off Market Transfers”** means the trades that are not cleared or settled through the Clearing Corporation which has entered into an agreement with IIDIL in terms of these Bye Laws.
- 2.40. **“Operating Instructions”** means and includes such instructions, specifications, guidelines, circulars and manuals, containing the practices, procedures, functional and operational parameters, relating to dealing of Eligible Security by IIDIL, including the interface and method of transmission of information between IIDIL, Issuers, issuers’ agents/ RTAs, Participants and Beneficial Owners, as approved and notified by the Board of IIDIL from time to time.
- 2.41. **“Other Depository”** means a depository in an IFSC recognized by the Authority, other than IIDIL, which is registered and established in accordance with the provisions of the IFSCA Act and the MII Regulations.
- 2.42. **“Participant”** means a person registered as such under Section 12(1A) of the Securities and Exchange Board of India Act, 1992, as amended from time to time and shall include such persons which are recognized as such in terms of the Applicable Laws.
- 2.43. **“Pledgee”** means the person having an account with IIDIL in whose favor the Client/Depositor has pledged the Bullion as security for the financial assistance.



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- 2.44. **“Relevant Authority”** shall mean the Board, IFSCA, or such other authority/ Committee of IIDIL as specified by the IFSCA from time to time as relevant for a specified purpose.
- 2.45. **“RTA”** means a Registrar to an issue of any Securities and/or a transfer agent in respect of any Securities appointed by the Issuer in that behalf who has been granted the certificate of registration under Applicable Laws.
- 2.46. **“Security”** or **“Securities”** shall have the meaning as ascribed to it under the Securities Contracts (Regulation) Act, 1956, and shall include Eligible Securities and / or such instruments as may be notified / allowed to be held / traded / dealt with, in the IFSC, including such securities issued in terms of International Financial Services Centres Authority (Issuance and Listing of Securities) Regulations, 2021.
- 2.47. **“Services”** means depository services in relation to the Securities and Bullion Depository Receipts to be traded on the Stock Exchange/ Bullion Exchange in IFSC and /or as part of the Bullion Depository System, including such services as may be notified by the Board or under Applicable Laws, from time to time.
- 2.48. **“Stock Exchange”** means an entity established under Applicable Laws for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in Securities in IFSC.
- 2.49. **“User”** means and includes any market intermediary interacting with IIDIL and shall include Participants, Issuers, RTAs, Clearing Corporations and Clearing Members.
- 2.50. **“Vault”** means any premises wherein the Vault Manager takes custody of the Bullion deposited by the Depositor and includes a place for storage as approved by the IFSCA and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
- 2.51. **“Vaulting Business”** means the business of establishing and maintaining Vaults for storage of Bullion and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.
- 2.52. **“Vault Manager”** means a person, registered by the IFSCA who manages the Vault empanelled by IIDIL for carrying on the Vaulting Business and shall have the meaning assigned to term in the Bullion Exchange Regulations, as amended from time to time.

Wherever the terms “Participant,” “Beneficial Owner,” “Issuer” and “RTA” occur in these Bye Laws, unless otherwise warranted by the context or meaning thereof, the same shall mean a “Participant,” “Beneficial Owner,” “Issuer” and “RTA” in relation to IIDIL

Words and expressions used but not defined in these Bye Laws but defined under Applicable Laws shall have the same meaning respectively assigned to them under the said legislations in the following order of priority, the International Financial Services Centres Authority Act, 2019 and rules and regulations made thereunder by IFSCA and / or Central Government thereunder read with Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 (to the extent applicable), and rules, regulations, circulars, notifications issued therein, the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 and circulars or guidelines or directions issued by the IFSCA and / or Central Government thereunder, the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020 and circulars or guidelines or directions issued by the IFSCA and / or Central Government thereunder, the Securities Contracts (Regulation) Act, 1956 and rules and regulations thereunder, Securities and Exchange Board of India Act, 1992 and rules, regulations, directions or guidelines thereunder, Depositories Act, 1996 and rules and regulations thereunder.

IIDIL may from time to time make such amendments or modifications to the annexures to the Bye Laws as it may deem fit, with the prior approval of IFSCA, consistent with the provisions of the IFSCA Act read with the MII Regulations and the Bullion Exchange Regulations. All agreements between IIDIL and counter parties and amongst counter parties as per Bye Laws that have already been executed as on the date of such amendment or modification, shall ipso facto be deemed to have stood amended and/or modified in accordance with amendment or modification effected to the concerned annexure with effect from the date of such amendment or modification.

#### CHAPTER 3 : BOARD OF DIRECTORS AND COMMITTEES

- 3.1. The Board of Directors of IIDIL, constituted in accordance with the provisions of the Applicable Laws including the Companies Act, 2013 and its Articles of Association, may organize, maintain, control, manage, regulate and facilitate the operations of IIDIL, subject to the provisions of Applicable Laws including MII Regulations, Bullion Exchange Regulations, IFSCA Act, rules, regulations made thereunder and any other applicable laws, for the time being in force, governing IIDIL and its functions.
- 3.2. The Board of Directors shall have the authority to formulate, amend, and repeal the Bye Laws which are required for effective and smooth functioning, operation and regulation of the operations of IIDIL, subject to approval from IFSCA.

- 3.3. The roles and responsibilities of the Board shall be such as provided under the Articles of Association and shall be subject to the provisions of Applicable Laws including MII Regulations, Bullion Exchange Regulations, IFSCA Act, rules, regulations made thereunder and any other applicable laws, for the time being in force, governing IIDIL and its functions.
- 3.4. The Board of Directors shall review the overall performance and the performance of its individual directors regularly, as may be required under Applicable Laws.
- 3.5. Code of Conduct for directors and key management personnel**
- 3.5.1. Every director and key management personnel of IIDIL and such other persons as may be specified by IFSCA, or the Board or Relevant Authority from time to time in this regard, shall adhere to the Code of Ethics and Conduct as may be prescribed by IFSCA from time to time.
- 3.6. Fit and proper person:**
- 3.6.1. Every director and key management personnel of IIDIL and such other persons as maybe specified by IFSCA/ Board/ Relevant Authority from time to time in this regard, must fulfill the requirements for a 'fit and proper' person as may be prescribed by IFSCA/ the Board/ Relevant Authority from time to time.
- 3.7. Committees:**
- 3.7.1. The Board shall constitute such Committees as may be required under the Applicable Laws, including such committees, from time to time, comprising members of the Board or such others as the Board may in its discretion deem fit or necessary.
- 3.7.2. One or more Committee(s) may be appointed by the Board for the purposes of managing the day-to-day affairs of IIDIL
- 3.7.3. The Board of Directors shall have the authority to issue directives from time to time to the Committees or any person or persons to whom any powers have been delegated by the Board of Directors, and such directives shall be binding on the Committee and/or such other person/ persons as the case may be.
- 3.7.4. Powers of the Committee: Subject to the Applicable Laws:
- 3.7.4.1. The Board may delegate from time to time to the Committee(s) such powers vested in them and upon such terms as they may think fit, to manage all or any of the affairs of IIDIL and from time to time, to revoke, withdraw, alter or vary all or any of such powers.
- 3.7.4.2. The Committee(s) shall be bound and obliged to carry out and implement any directives issued by the Board from time to time and shall be bound to comply with all conditions of delegation and limitations on the powers of the Committee(s) as may be prescribed.
- 3.7.4.3. A Committee(s) so constituted may constitute, subject to the terms and conditions of its constitution, such sub-committees for such purposes as it may deem fit. The constitution, powers and responsibilities of such sub-committee(s) may be determined by the Committee which constitutes such sub-committee(s).
- 3.7.4.4. The Committee may from time to time and subject to the terms and conditions of its constitution, authorise Managing Director or such other person(s) to carry out such acts, deeds and functions in accordance with such provisions as may be laid down in this regard for fulfilling the responsibilities and discharging the powers delegated to it by the Board.
- 3.7.5. Disqualification of member of the Committee**
- 3.7.5.1. Subject to the provisions of the Applicable Laws, no person shall be eligible to be a member of a Committee(s), if he suffers any disqualification as provided in the Articles of Association or as specified by IFSCA/ Central Government / Board/ Relevant Authority. A member of the Committee shall, ipso facto, be deemed to have vacated the office, if he suffers any such disqualification, provided however that nothing done in good faith by such person in his capacity as a member of such Committee shall be rendered invalid merely because such act, deed, matter or thing may have been done by him subsequent to his disqualification but without knowledge of his disqualification.
- 3.7.6. Meetings of the Committee**
- 3.7.6.1. A Committee may decide on the mode and manner of transacting its business including for dispatch of business, adjournment, physical/ virtual meetings, frequency of meetings, voting at meetings (including proxy voting, if any), circular resolutions or any other matter as may be specified by the Board from time to time and otherwise regulate its meetings and proceedings as it thinks fit, subject to the directions as may be laid down by the IFSCA/ Central Government/ Board/ Relevant Authority in this behalf.

- 3.7.6.2. The quorum for a meeting of the Committee shall be as laid down by the IFSCA/ Central Government / Board/ Relevant Authority in this behalf from time to time.
- 3.7.6.3. The Chairman of the Committee or any employee of IIDIL under the authority of the Chairman may at any time convene a meeting of such Committee.
- 3.7.6.4. Decisions at any meeting of the Committees shall be taken as provided in the Articles of Association or as specified by IFSCA/ Central Government / Board/ Relevant Authority.
- 3.7.6.5. At all meetings of the Committee, the Chairman shall ordinarily preside and in his absence, the members of the Committee present may choose one from among themselves to be the Chairman of such meeting in accordance with the manner prescribed, if any, by IFSCA/ Central Government / the Board/ Relevant Authority. A member of the Committee shall disclose his/her interest in the business, if any, before the meeting and shall abstain from discussions, voting and decisions on the said matter. If the Chairman is interested in the business of the meeting, he shall abstain from chairing the meeting.

#### 3.7.7. Chairman

- 3.7.7.1. The members of the Committee may elect a Chairman from amongst themselves, who shall be the chairman of the Committee in accordance with directives/regulations issued by IFSCA/ Central Government/ Board/ Relevant Authority, if any.
- 3.7.7.2. The Chairman may assume and exercise all such powers and perform all such duties as may be delegated to him by the Committee from time to time.
- 3.7.7.3. The Chairman, and in his absence, a person elected by the Committee, shall be entitled to exercise any or all of the powers exercisable by the Committee whenever he/she be of the opinion that immediate action is necessary, subject to such action being confirmed by the Committee.
- 3.7.7.4. The Committee, at its meeting at which a quorum is present, shall be competent to exercise all or any of the powers and discharge all such functions as are vested in or exercisable by such Committee.

### PART B: DEALING IN SECURITIES

The provisions of this part shall apply to Participants, Issuer, RTAs, Beneficial Owners and any other entity/ person dealing with any Securities / Eligible Securities / Government Securities or other securities in IFSC, as the case may be and as applicable.

#### CHAPTER 4 : POWER TO ISSUE OPERATING INSTRUCTIONS AND COMMUNIQUÉS

- 4.1. IIDIL shall be entitled to issue, from time to time, instructions, specifications and guidelines, to be known as “**Operating Instructions,**” explaining all aspects of its functioning and operations, including the interface and method of transmission of information between IIDIL, Issuers, issuers’ agents/ RTAs, Participants and Beneficial Owners.
- 4.2. Subject to the provisions of MII Regulations and other Applicable Laws, IIDIL shall have power to repeal, delete, amend and/or alter the Operating Instructions or any part thereof or issue new or fresh Operating Instructions from time to time provided however that IIDIL shall inform IFSCA of the same and submit a copy of the Operating Instructions or the amendment to or modification thereof, as the case may be, at least seven working days before the same are given effect to by IIDIL.
- 4.3. Without prejudice to the generality of the foregoing, IIDIL may issue Operating Instructions inter alia, with respect to:
  - 4.3.1. mode of functioning and operation in the depository system of IIDIL;
  - 4.3.2. norms which shall be required to be followed by the Participants, Issuers, RTAs, Clearing Members and Clearing Corporations while acting as such;
  - 4.3.3. hardware and software required to be installed and maintained by Participants, Issuers, RTAs and Clearing Corporations;
  - 4.3.4. determination from time to time, fees, system usage charges, deposits, margins, penalties and other monies payable to IIDIL by the Participants, Issuers, RTAs, Clearing Members and Clearing Corporations;
  - 4.3.5. detailed procedure for dematerialization and rematerialization of Securities;
  - 4.3.6. procedure for opening, operating, maintaining and closing Beneficial Owner’s account with a Participant;
  - 4.3.7. conduct of business with the Clearing Corporations and Clearing Members;



- 4.3.8. communication of information relating to transactions and holdings by IIDIL to Participants, Issuers, RTAs, Clearing Members and Clearing Corporations and by the Participants, Issuers, RTAs, Clearing Members and Clearing Corporations inter se and by Participants to IIDIL and their Beneficial Owners;
- 4.3.9. reconciliation of records between IIDIL and Participants, Issuers, RTAs, and Clearing Corporations;
- 4.3.10. records and books of account to be maintained by Participants, Issuers, RTAs, Clearing Members and Clearing Corporations;
- 4.3.11. administration, maintenance and investment of all fund(s) set up by IIDIL, including the corpus, accretions and contributions of or to the fund(s);
- 4.3.12. requirements, manner and format for submission of periodic returns by Participants, Issuers, RTAs, Clearing Members and Clearing Corporations to IIDIL in relation to their activities in connection with IIDIL;
- 4.3.13. manner and form in which the Participants, Issuers, RTAs and Clearing Corporations shall maintain continuous electronic means of communication with IIDIL;
- 4.3.14. the working days and hours of IIDIL and the hours of business operations;
- 4.3.15. any other matter as may be decided by IIDIL
- 4.4. IIDIL shall be entitled to issue, from time to time notices, circulars and information (hereinafter called as “**Communiqués**”) to Participants, Issuers, RTAs, Clearing Corporation and Clearing Members for implementation of and/or clarification on any aspect of Bye Laws or the Operating Instructions or on any procedural or operational issue. All such Communiqués shall bind the Participants, Issuers, RTAs, Clearing Corporation or Clearing Members with the same force and effect as the Bye Laws and the Operating Instructions.

## CHAPTER 5 : PARTICIPANTS

### 5.1. Admission of Participants

- 5.1.1. Any person desiring to be admitted as a Participant shall submit an application for grant of certificate of initial registration / approval as a Participant to IFSCA through IIDIL, in such form together with fees specified under Applicable Laws. However if an applicant is already a Participant of another depository and desires to become a Participant of IIDIL then it shall submit an application to such other depository for admission to IIDIL as a Participant. Such other depository may grant approval to the applicant after exercising due diligence and internal approval process and on being satisfied about the compliance of all relevant eligibility requirements. The applicant need not make a separate application to IFSCA for grant of certificate of initial registration. However, the prospective Participant has to make the applicable payment of fees to IFSCA through IIDIL before activating as Participant with IIDIL
- 5.1.2. Such application shall be accompanied by such fees, security deposits and/or such other sums of monies payable to IIDIL as may be specified by IIDIL / IFSCA in accordance with the Applicable Laws.
- 5.1.3. Every application shall be dealt with by IIDIL within 30 (thirty) days of receipt of such application and if such application meets the criteria for admission laid down by IIDIL, IIDIL shall forward the same to the IFSCA with its recommendations.
- 5.1.4. An application, which is not complete in all respects and does not conform to the requirements specified shall be rejected. IIDIL may, before rejecting any application, give to the applicant in writing, an opportunity to remove within such time as may be specified by IIDIL, the objections indicated by it.
- 5.1.5. IIDIL may require the applicant to furnish such further information or clarifications as may be required within such time as it may specify. On failure to provide any information within the time provided or such further time as may be granted, the application shall be deemed to have been withdrawn.
- 5.1.6. The Board of Directors may delegate the power to scrutinize, process, evaluate and accept or reject an application to a committee of directors as it may deem fit.
- 5.1.7. The Committee to whom the powers are so delegated may accept or reject any such application and shall, if the application is rejected, set out in writing the grounds for such rejection. IIDIL shall convey the grounds on which the application has been rejected to the applicant. The applicant may appeal to the Board of Directors against such rejection and the decision of the Board of Directors in this regard shall be final.
- 5.1.8. Every Participant who is admitted as such in IIDIL shall be required to pay to IIDIL such amounts by way of admission fees, annual fees or any other fees for the due performance of its duties and obligations within such time as may be specified by IIDIL. IIDIL shall not be obliged to pay any interest to the Participant on any sum received by IIDIL as security or deposit unless otherwise agreed by IIDIL.

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- 5.1.9. IIDIL shall have the right to call upon the Participant to make such contribution and/or additional contributions towards funds, and to pay such fees, deposits, and additional security deposit in cash or in kind, or to furnish any additional guarantee or to require the deposit of any monies in respect of contribution to funds for protection of the interests of Beneficial Owners.

#### 5.2. Admission Criteria

- 5.2.1. No applicant shall be eligible to be admitted as a Participant to IIDIL unless and until the applicant shall have met with the eligibility criteria as set forth thereof in the ByeLaws and/or Operating Instructions by IIDIL from time to time, if any.
- 5.2.2. The applicant shall satisfy all the following conditions:
- 5.2.2.1. The applicant has furnished such information and details pertaining to its business and equity holding relating to a minimum period of 3 (three) years immediately preceding the date of the application or from the date of its inception, if less than 3 (three) years.
- 5.2.2.2. The applicant (including any partner, where the applicant is a partnership firm, and any director or any person holding any substantial interest in or being otherwise in a position to control the affairs of the applicant, where the applicant is a company or other body corporate) should not have been convicted in any of the 5 (five) years immediately preceding the filing of the application in any matter involving misappropriation of funds and Securities, theft, embezzlement of funds, fraudulent conversion, forgery or any other offence involving moral turpitude;
- 5.2.2.3. The applicant (including any partner, where the applicant is a partnership firm, and any director or any person holding any substantial interest in or being otherwise in a position to control the affairs of the applicant, where the applicant is a company or other body corporate) should not have been expelled, barred or suspended by IFSCA or by any other authority or recognised Stock Exchange. Provided however that, if a period of 3 (three) years or more has elapsed from the expiry of the period of expulsion, debarment or suspension, as the case may be, IIDIL may, in its discretion, consider such application.
- 5.2.2.4. **Net worth requirement:** The applicant shall meet the minimum net worth as may be specified under Applicable Laws from time to time. The applicant shall submit to IIDIL, a Net worth Certificate (including the computation thereof) based on the audited books of accounts, and calculated and itemized in the manner and form as may be specified from time to time in the Operating Instructions issued by IIDIL from time to time and duly certified by a Statutory Auditor or Practicing Chartered Accountant.
- 5.2.2.5. The applicant shall have furnished the details of its Board of Directors/ Partners / Authorised Officials as the case may be, who shall be responsible for the conduct of the business of the applicant as a Participant.
- 5.2.2.6. The applicant shall have on its staff such number of persons as IIDIL may specify who are adequately trained or who, in the opinion of IIDIL, are otherwise sufficiently qualified or have adequate skill and knowledge relating to the operational, functional and technical aspects of the working of IIDIL system.
- 5.2.2.7. The applicant shall have appointed a Compliance Officer to interact with IIDIL on its behalf for compliance with these Bye Laws and for resolution and redressal of Beneficial Owners' grievances.
- 5.2.2.8. The applicant has adequate office space exclusively for IIDIL operations.
- 5.2.2.9. The applicant has made adequate arrangements for conducting effective and safe depository operations including security measures, software and hardware requirements, risk containment and insurance requirements, as specified by IIDIL
- 5.2.2.10. Grant of permanent registration of Participants:**
- 5.2.2.10.1. A Participant who has been granted a certificate of initial registration may, 3 (three) months before the expiry of the period of certificate of initial registration, make an application through any of the depositories in which it is acting as a Participant for grant of a certificate of permanent registration in such form together with fees specified by IFSCA.
- 5.2.2.10.2. The Participant who has already been granted a certificate of registration or has obtained renewal of certificate of registration, may 3 (three) months before the expiry of validity of certificate of registration or before, make an application through any of the depositories in which it is acting as a Participant for grant of a certificate of permanent registration in such form together with fees specified by IFSCA.

Provided however that the applicant, its directors, proprietor, partners and associates satisfy the Fit and Proper Criteria as provided under the MII Regulations and other Applicable Laws.

Provided however that the applicant has taken satisfactory corrective steps to rectify the deficiencies or irregularities observed in the past inspections or in case of actions initiated / taken by IFSCA / depository(s) or other regulators.

Provided however that, the applicant has paid all pending fees / dues payable to IFSCA and depository and no amount is overdue.

5.2.2.10.3. The application for grant of a certificate of permanent registration shall be accompanied by details of the changes that have taken place in the information that was submitted to IFSCA while seeking initial registration or renewal, as the case may be, and a declaration stating that no changes other than those as mentioned in such details have taken place.

5.2.2.10.4. The application for permanent registration shall be dealt with in the same manner as if it were a fresh application for grant of a certificate of initial registration. Provided that the Relevant Authority may, in its discretion and in the interest of Beneficial Owners, consider an application for permanent registration of an existing Participant in case falling under Bye Law 5.2.2.3., if the period of expulsion, debarment or suspension has expired, even though a period of 3 (three) years has not elapsed from such expiry.

### 5.3. Rights and Obligations of Participants in relation to IIDIL

5.3.1. No Participant shall conduct any business as a Participant unless it has entered into an agreement with IIDIL as per Annexure "B" to these Bye Laws.

5.3.2. A Participant while conducting any business as a Participant with a Beneficial Owner shall act as an agent of IIDIL.

5.3.3. The Participant shall not effect a debit or credit to the account of a Beneficial Owner without appropriate instruction from the Beneficial Owner or IIDIL.

5.3.4. Separate accounts shall be maintained by every Participant in the name of each of its Beneficial Owners and the Securities of each Beneficial Owner shall be segregated, and shall not be mixed up with the Securities of other Beneficial Owners or with the Participant's own Securities.

5.3.5. The Participant shall submit the following information to IIDIL:

5.3.5.1. **Networth certificate:** The Participant shall submit Net worth certificate to IIDIL every year in form as provided under Annexure "A" herein and any additional requirements as may be prescribed in the Operating Instructions.

Provided that when IIDIL is satisfied that the circumstances warrant an extension of time to furnish the net worth certificate, it may grant such extension to the Participant.

5.3.5.2. In the case of a Participant being a broker dealer as per IFSCA (Capital Market Intermediaries) Regulations, 2021, the Participant shall ensure that the aggregate market value of portfolio of Securities of all the Beneficial Owners held in dematerialised form in IIDIL through him shall be as specified by IFSCA from time to time and if it so exceeds on any given day, the Participant shall forthwith inform IIDIL about it. IIDIL shall have a right to give such instructions as it deems fit in order to reduce the aggregate market value of portfolio of Securities of all the Beneficial Owners held in dematerialised form in IIDIL through such Participant.

5.3.5.3. In case the Participant is a member of any recognised Stock Exchange and/or any Clearing Corporation, in the event of violation of any rules, regulations or bye-laws of the Stock Exchange or the Clearing Corporation or in the event of suspension or termination of its membership by the Stock Exchange or the Clearing Corporation as the case may be, the Participant shall forthwith inform IIDIL of the same.

5.3.5.4. The number of complaints received from Beneficial Owners during the previous month, unresolved complaints of previous period, their nature, status and manner of redressal, once every month;

5.3.6. It shall be the responsibility of each Participant to promptly check and reconcile with its own records the details of all advices, statements and reports received by the Participant from IIDIL and to promptly notify IIDIL of any error or omission contained in such advices, statements and reports.

5.3.7. Any advice, statement or report provided by IIDIL shall in the absence of manifest error or fraud be conclusive as to its subject matter. Except as otherwise agreed by IIDIL, the failure of a Participant to inform IIDIL of any error or omission in any advice, statement or report within the time frame stipulated by IIDIL shall constitute a waiver in favour of IIDIL by such Participant of any right to require rectification.

- 5.3.8. IIDIL may, if it is satisfied that it is in the interest of the Beneficial Owners, entertain a late request by a Participant to rectify an error or omission as aforesaid. If IIDIL entertains a late request by a Participant, the Participant shall be liable for any loss caused due to such late request.
- 5.3.9. Every Participant shall reconcile its records with those of IIDIL on a daily basis.
- 5.3.10. IIDIL may at any time require a Participant to provide on demand, security or additional or collateral security in such form, extent and manner as is determined by IIDIL. For determining the amount of security or additional or collateral security, IIDIL shall take into account inter alia, the level of unreconciled balance and excess or deficit balance of Securities due to any fraud, negligence, error or omission on the part of the officers, agents and employees of the Participant. The security shall be in addition to and independent of any security which IIDIL may at any time hold for the obligations and liabilities of such Participant.
- 5.3.11. Without prejudice to the above, IIDIL may, for the purpose of deciding whether or not to require a Participant to provide security, specify exposure limits on a Participant.
- 5.3.12. A Participant shall not create or permit the creation of any mortgage, charge or other encumbrance over all or any of the assets provided as security or for such similar purpose to IIDIL.
- 5.3.13. A Participant shall, before opening any account or while acting upon the instruction of any Beneficial Owner:
  - 5.3.13.1. make such inquiries as may be necessary and exercise due care and caution in ascertaining the bonafides of the intending Beneficial Owner inter alia, by carrying out appropriate due diligence;
  - 5.3.13.2. scrutinize the authenticity of the documents produced by the Beneficial Owner for opening the account or for dematerialisation of Securities.
  - 5.3.13.3. in case of joint owners of Securities, obtain authority in writing from all such joint owners.
- 5.3.14. Subject to the provisions of any Applicable Laws, every Participant shall preserve for a minimum period as provided under the MII Regulations and IFSCA (Capital Market Intermediaries), 2021 Regulations, all original documents and records in accordance with the MII Regulations and IFSCA (Capital Market Intermediaries) Regulations, 2021 as amended from time to time, including account opening forms, agreements with Beneficial Owners, document / form containing an acknowledgement of a Beneficial Owner of receipt of Rights and Obligations document, dematerialisation request forms, rematerialisation request forms and instructions received from Beneficial Owners.
- 5.3.15. Every Participant shall be primarily responsible for payment to IIDIL of all charges, fees, dues, and penalties in respect of all transactions carried out by or through that Participant in IIDIL irrespective of whether the Participant has recovered any such amount from the concerned Beneficial Owner or not, such recovery from the Beneficial Owner being the sole responsibility of the Participant.
- 5.3.16. Every Participant shall carry out instructions received from any Beneficial Owner on the same day in as far as may be possible and failing that before the close of working hours of the immediately succeeding working day.
- 5.3.17. Every Participant shall have a lien on and shall be entitled with the prior approval of IIDIL, to exercise lien on any Securities belonging to the Beneficial Owners held in dematerialised form in any account with the Participant by freezing all operations by the Beneficial Owner in respect of Securities held in the Beneficial Owner's account with the Participant, as security for recovery of dues owed by Beneficial Owner to the Participant in his capacity as such including any compensation for any loss caused to the Participant and/or IIDIL by reason of fraud, negligence or mistake on the part of the Beneficial Owner. The Participant shall, upon receipt of such approval from IIDIL, give notice in writing to the concerned Beneficial Owner of the exercise of such lien by the Participant in respect of such of the Securities held in the Beneficial Owner's account as IIDIL may specify.
- 5.3.18. The Participant shall, upon discovering any loss of any Securities, instruments, or documents, that may have come into the hands of the Participant in the course of its business, forthwith notify IIDIL, and the concerned Issuer or its RTA and Beneficial Owner in that behalf.
- 5.3.19. It shall be the responsibility of every Participant to ensure that proper stamp duty, if applicable, in accordance with Applicable Law is paid by the Beneficial Owners and Clearing Members holding accounts with the Participant in respect of all transactions effected by or through the Participant.
- 5.3.20. IIDIL may apply all or any of the Securities (including all rights and entitlements thereto, if any) owned or belonging to and furnished by a Participant at any time without prior notice to a Participant in or towards satisfaction of any of the obligations and liabilities of such Participant to IIDIL or such Participant's obligations and liabilities to its Beneficial Owners.



- 5.3.21. In respect of any sums received by IIDIL from a Participant as security, the obligation of IIDIL to such Participant shall be to the extent of the amount remaining after satisfaction of all obligations and liabilities (actual or contingent) of such Participant to IIDIL, Beneficial Owners, Issuers, RTAs, Clearing Corporation and other Participants.
- 5.3.22. Every Participant shall indemnify and keep indemnified and saved harmless IIDIL, its officers, employees and agents from all harm, loss, damage, injury, taxes, penalties, levies, cesses and duties whatsoever, and from and against all suits, action, arbitration, disciplinary action, prosecution or other proceedings (including all costs, charges and expenses relating thereto) suffered or incurred by IIDIL, its officers, employees or agents or any of them, whether directly or indirectly on account of or as a result of any act, deed, matter or thing made done committed or omitted, or suffered or permitted or caused to be done by the Participant, its officers, employees, servants or agents contrary to or inconsistent with or in breach of any provision/s of the Applicable Law, these Bye Laws, or the terms, condition and covenants contained in its agreement with IIDIL or by reason of any mistake, error, misfeasance, willful misconduct, misrepresentation, fraud, forgery, theft, misappropriation or breach of trust by the Participant, its officers, employees, servants or agents or on account of the Participant failing to meet any of its obligations and/or liabilities to IIDIL and/or to any of its Beneficial Owners and/ or to any Participants, Issuers, RTAs, and Clearing Corporations.
- 5.3.23. For the purpose of determining whether a Participant is liable for any acts or omission under Applicable Laws, these Bye Laws, agreements, Operating Instructions issued by IIDIL, the acts or omissions, whether done intentionally or not, of its officers, employees, servants and agents, shall be deemed to be acts or omissions of the Participant.
- 5.3.24. In case where IIDIL, its officers, employees and agents suffer or incur harm, loss, damage, injury, taxes, penalties, cesses, duties, suit, action, arbitration, disciplinary action, prosecution or other proceedings (and all costs, charges and expenses relating thereto) suffered or incurred by them or any of them, whether directly or indirectly on account of or as a result of any act, deed, matter or thing made done committed or omitted, or suffered or permitted or caused to be done or any default or breach of the Applicable Laws, these Bye Laws, agreements, and Operating Instructions issued by IIDIL or any misrepresentation, fraud, forgery, theft, misappropriation or breach of trust by the Participant, its officers, employees, servants or agents or on account of the Participant failing to meet any of its obligations and/ or liabilities to IIDIL and/ or to any of its Beneficial Owners and/ or to any Participants, Issuers, RTAs, and Clearing Corporations, IIDIL shall have the right to recover from such Participant, such amount as IIDIL may deem fit and appropriate. In case any loss is caused to the Beneficial Owner due to the negligence of any Participant, IIDIL shall indemnify the loss incurred by such Beneficial Owner and where such loss due to the negligence of the Participant is indemnified by IIDIL, IIDIL shall have the right to recover the same from such Participant.
- 5.3.25. Notwithstanding anything to the contrary in the Bye Laws, IIDIL shall not be bound to give effect to any transaction or take any other action upon the instructions of a Participant if it would violate any applicable law, decree or order of a competent court or tribunal or an order of the Central or State Government or IFSCA or other competent authority.
- 5.3.26. Any order of a Court, Tribunal, Government or other competent authority relating to freezing of a Beneficial Owner account or taking any action in relation to a Beneficial Owner account which is within the purview of obligations cast on a depository under Applicable Laws, shall be effected by IIDIL or Participant only on receipt from such authority the Beneficial Owner Identification Number (BOID) or Permanent Account Number (PAN) coupled with specific directions if the same are not set out in such order with sufficient accuracy.
- 5.3.27. Nothing herein contained shall prevent IIDIL from effecting any transaction or refusing to give effect to any transaction in compliance with any decree or order of a competent court or tribunal or an order of the Central or State Government or IFSCA or that of any other competent authority.
- 5.3.28. IIDIL reserves the right to rectify any erroneous transaction made to the account of any Beneficial Owner with a Participant. In the event of IIDIL carrying out any rectification, IIDIL shall inform the concerned Participant and Beneficial Owner of such rectification.
- 5.3.29. Without prejudice to any other right IIDIL may have, in the event of any erroneous transaction having been effected on account of any error, mistake or negligence on the part of the Participant resulting in a negative balance in the account of any Beneficial Owner, IIDIL may:



- 5.3.29.1. require the Participant to replenish the relevant Securities forthwith;
- 5.3.29.2. require the Participant to pay to it forthwith a cash sum of such amount as IIDIL considers appropriate as security and the only obligation of IIDIL in respect of such sum so paid by the Participant shall be to pay such Participant an amount equal to the balance remaining to its credit after satisfaction of all obligations and liabilities (actual or contingent) of such Participant to IIDIL or to a Beneficial Owner. IIDIL may itself at any time purchase as replenishment, eligible Securities on behalf of the Participant, at such price as may be determined by IIDIL to be the prevailing market price and terms, if any, or in other cases at its discretion on the terms available. The cost and other expenses incurred by IIDIL in connection with purchase shall be borne by the Participant.
- 5.3.30. Each Participant shall be responsible to indemnify IIDIL against all costs, fees, expenses, liabilities, losses and damages of any nature whatsoever incurred by IIDIL as a result of or in connection with the purchase or replenishment of eligible Securities by IIDIL on behalf of the Participant.
- 5.3.31. No Participant shall assign its business and/or functions as a Participant or entrust the control or conduct of its business and/or functions to any person except with the prior written approval of IIDIL and subject to such terms and conditions as IIDIL may stipulate from time to time. For the purposes of this clause, any substantial change in the share holding pattern or constitution of the Board of Directors or in the composition of the partnership shall constitute an assignment of the business and/or functions.
- 5.3.32. It shall be the duty of the Participant to ensure that no account of any Beneficial Owner is opened unless it complies with all the provisions of Applicable Laws, these Bye Laws including any Operating Instructions, Communiqués, letters or communication in any form issued by IIDIL and circulars issued by IFSCA, from time to time as may be applicable.

#### 5.4. Rights and Obligations of Participants in relation to Beneficial Owners

- 5.4.1. No Participant shall conduct the business as a Participant unless the Beneficial Owner has acknowledged receipt of **“Rights and Obligations of the Beneficial Owners and Depository Participant”** document, as may be specified by IFSCA/ IIDIL from time to time, hereinafter for the sake of convenience referred to as **“DP-BO Rights and Obligations document.”** Both, the Participant and the Beneficial Owner shall be bound by and adhere to the statutory DP-BO Rights and Obligations document as may be provided in the Operating Instructions from time to time. To the extent of any difference between the agreement that the Beneficial Owner may have executed with the Participant and the DP-BO Rights and Obligations document, the latter shall prevail. DP-BO Agreement, a specimen whereof was annexed as Annexure-C to these Bye Laws shall cease to be operative from the date DP-BO Rights and Obligations document comes into operation.  
  
Provided however that the Participant need not provide a copy of and/or preserve acknowledgement of receipt of DP-BO Rights and Obligations document if the Beneficial Owner belongs to such categories as provided under the Applicable Laws for which such exemption is provided.
- 5.4.2. In the event of closure of a Beneficial Owner account by either of the parties, or on withdrawal of the authority conferred on the Participant by the Beneficial Owner, the parties shall take necessary steps to act on the same.
- 5.4.3. Notwithstanding closure of the account either by the Participant or the Beneficial Owner, the provisions of the DP-BO Agreement or the DP-BO Rights and Obligations document, as the case may be, and all mutual rights and obligations arising there from shall continue to be binding on the parties in respect of all acts, deeds, matters and things done and transactions effected during the operation of either the DP-BO Agreement or the DP-BO Rights and Obligations document. Provided however that the provisions of the DP-BO Agreement will not be binding on the parties in relation to any dealing or operations in so far as such dealing or operations are contrary to and/or inconsistent with such closure or withdrawal.
- 5.4.4. Only after the Beneficial Owner shall have acknowledged receipt of and thereby shall have agreed to be bound by DP-BO Rights and Obligations document shall that Beneficial Owner be permitted by that Participant to open an account with it for holding security balances on behalf of such Beneficial Owner. The account so opened shall be separate and distinct from accounts of other Beneficial Owners with that Participant.
- 5.4.5. The Participant shall act on the instructions of the Beneficial Owner or of such person as may have been duly authorised by the Beneficial Owner in that behalf in the manner specified by IIDIL.
- 5.4.6. The Participant shall maintain a separate account for each Beneficial Owner and ensure that the Securities of the Beneficial Owner are not mixed with its own Securities.

5.4.7. In the event of multiple instructions received from the Beneficial Owner relating to transfer of Securities which exceed the balance in the account of the Beneficial Owner maintained with the Participant, the sequence of execution of instructions by the Participant shall be as follows:

- 5.4.7.1. in the event of the Beneficial Owner specifying the sequence of execution of instructions, in the same sequence as specified by the Beneficial Owner to the extent it can be executed with the balance available in that Beneficial Owner's account with the Participant;
- 5.4.7.2. in the absence of specific instructions from the Beneficial Owner in the chronological order in which such instructions are received from the Beneficial Owner, to the extent it can be executed with the balance available in that Beneficial Owner's account with the Participant.

## **5.5. Termination, Suspension and Withdrawal**

### **5.5.1. Termination by IIDIL**

5.5.1.1. IIDIL may, if it is satisfied that it is necessary so to do, at any time and on such conditions as it thinks fit, terminate the agreement with the Participant by communication in writing under the following circumstances:

- 5.5.1.1.1. the Participant no longer meets the eligibility criteria to be a Participant;
- 5.5.1.1.2. in the event of the death or incapacity of a Participant being an individual, or the dissolution of a Participant being a partnership;
- 5.5.1.1.3. in the event of a Participant being a company or body corporate when it is wound up or an official liquidator or provisional liquidator is appointed under the applicable laws of incorporation of such company or body corporate;
- 5.5.1.1.4. in the event of a Participant ceasing to do business which relates to IIDIL operations;
- 5.5.1.1.5. IIDIL has reasonable grounds to believe that the Participant is approaching financial difficulty or will be unable to meet its obligations to IIDIL or its Beneficial Owners;
- 5.5.1.1.6. in the event of any distress, execution or other process being levied or enforced or served upon or against any property of a Participant;
- 5.5.1.1.7. in the event of bankruptcy, insolvency, liquidation or winding up of a Participant or the initiation of any proceedings in relation thereto or if IIDIL considers in its absolute discretion that the occurrence of such events are imminent or likely;
- 5.5.1.1.8. in the event of the appointment of a receiver or administrator over the assets of a Participant or in the event of a Participant suffering a composition with its creditors or in the event of a scheme of arrangement being approved by the court (other than for the purposes of reconstruction or amalgamation) or in the event of IIDIL considering in its absolute discretion that the occurrence of such events are imminent or likely;
- 5.5.1.1.9. in the event of failure to pay security deposits, fees or any other charges as required under these Bye Laws or the agreement with IIDIL or furnish additional or collateral securities as may be required by IIDIL;
- 5.5.1.1.10. in the event of failure of a Participant to fulfill the obligations arising out of the indemnification of IIDIL by the Participant;
- 5.5.1.1.11. IIDIL has reasonable grounds to believe that the Participant has been responsible for negligence, fraudulent or dishonest conduct or has made a material misstatement or omitted to state a material fact in any statement to IIDIL;
- 5.5.1.1.12. the Participant has violated or committed any breach or default in the observance or performance of any provisions of Applicable Laws these Bye Laws, or agreement with IIDIL or has failed to comply with any Operating Instructions of IIDIL;
- 5.5.1.1.13. the Participant's registration granted by IFSCA or by any other governmental agency has been suspended or cancelled;
- 5.5.1.1.14. if the Participant is a member of a Stock Exchange, the Participant has been expelled, or its trading privileges have been suspended by the Stock Exchange;
- 5.5.1.1.15. the Participant has failed to redress grievances of Beneficial Owners to the satisfaction of IIDIL;
- 5.5.1.1.16. IIDIL has reasonable grounds to believe that the Participant has been carrying on its activities in a manner which is detrimental to the interest of IIDIL and/or Beneficial Owners or that the termination of relationship with the Participant is necessary for the protection of Beneficial Owners or other Participants or to facilitate the orderly performance of services rendered by IIDIL.

5.5.1.1.17. the Participant has or is likely to expose itself to risks, which, in the opinion of IIDIL, are not commensurate with the Participant's net worth.

5.5.1.1.18. the quality of the services rendered by a Participant is not satisfactory in the opinion of IIDIL as evidenced by the complaints of the Beneficial Owners and/ or other Participants, Issuers, RTAs, and Clearing Corporations;

Provided however that IIDIL shall not take any action as aforesaid unless and until IIDIL shall have issued a show-cause notice to the Participant setting out the grounds on which the agreement with the Participant is sought to be terminated and the Participant shall have been given a reasonable opportunity of being heard by the Member selection Committee in that behalf and IIDIL being satisfied on the strength of the report of such Committee that it is necessary to terminate the agreement with such Participant.

Provided however that no amount is due, owing or payable by the Participant to IFSCA or to IIDIL inter alia by way of fees, charges, penalties or interest.

Provided however that IIDIL may, if it so considers it fit and proper in the facts and circumstances of any case, before issuing the show-cause notice as aforesaid, issue notice calling upon the Participants to rectify or remedy the breach or default within such period and on such terms and conditions as IIDIL may deem fit.

5.5.1.2. The Participant shall forthwith inform IIDIL of the occurrence of any of the circumstances mentioned herein above.

#### **5.5.2. Suspension**

5.5.2.1. Without prejudice to any other rights IIDIL may have and notwithstanding anything to the contrary contained in these Bye Laws, IIDIL may suspend with immediate effect, the activities of any Participant in IIDIL, before issuance of any notice or pending the notice period and/or enquiry under these Bye Laws.

#### **5.5.3. Withdrawal by a Participant**

5.5.3.1. A Participant shall be entitled to withdraw as a Participant from IIDIL by issuing to IIDIL a communication in writing giving notice of not less than 30 (thirty) days of its intention to terminate its agreement with IIDIL with effect from the expiry of the said period of 30 (thirty) days or such further period as may be specified in the notice. IIDIL shall be entitled to require the Participant to continue its business as a Participant in IIDIL for such further period not exceeding 3 (three) months from the receipt of such notice if IIDIL shall deem it necessary to do so in the interest of the Beneficial Owners or the functioning of IIDIL. IIDIL shall notify the Participant, Beneficial Owners of that Participant and other Participants within seven days of the Participant ceasing to act as such.

5.5.3.2. No Participant shall be permitted to withdraw as a Participant from IIDIL unless and until such Participant shall have provided satisfactory evidence to IIDIL that:

5.5.3.2.1. the Participant has issued notice of its intended withdrawal to all Beneficial Owners holding accounts with it;

5.5.3.2.2. all accounts of Beneficial Owners held with the Participant have been closed either by transfer of Securities to any other Participant(s) of the Beneficial Owner's choice in IIDIL and/or by rematerialisation of the Securities held therein;

5.5.3.2.3. there remain no pending instructions or unresolved grievances of Beneficial Owners or the IIDIL or that the Participant has otherwise made satisfactory arrangements in that regard;

5.5.3.2.4. no amount is due, owing or payable by the Participant to IFSCA or to IIDIL inter alia by way of fees, charges, penalties or interest.

5.5.3.2.5. the Participant has complied with such other terms and conditions as IIDIL may have specified in that behalf.

**5.5.4. Consequences of Termination and/ or Withdrawal of the agreement with a Participant**

- 5.5.4.1. On termination of the agreement with the Participant or on withdrawal by the Participant, unless otherwise provided in these Bye Laws, IIDIL shall return to or make available for collection by the Participant, all security deposits or other securities held by IIDIL by way of collateral or additional security of the Participant, on expiry of 3 (three) years from the date of cancellation of the certificate of registration as a Participant by IFSCA or after resolving pending investor grievances, if any, to the satisfaction of IIDIL, whichever is later.

Provided that IIDIL shall have the right (without prejudice to any other right or remedy available to IIDIL in law) to adjust or set off amounts or to retain security equivalent to the amount due or which may become due to IIDIL, other Participants and Beneficial Owners from that Participant, if applicable.

- 5.5.4.2. The termination of agreement with a Participant in IIDIL will not affect any rights, liabilities or obligations of the Participant arising out of transactions which have taken place prior thereto and for the limited purpose of settlement of any such rights or liabilities of the Participant, IIDIL may continue to treat the Participant as a Participant.
- 5.5.4.3. Without prejudice to the above provisions, IIDIL shall be entitled to set off any earlier claims or rights of the Participant against any amounts due to IIDIL or any other persons entitled to any claim against such Participant through IIDIL, irrespective of the fact that such counter claim has arisen after the date of termination with the agreement of the Participant.
- 5.5.4.4. IIDIL shall, upon termination of the agreement with the Participant or on receipt of communication in writing from the Participant conveying its decision to withdraw from IIDIL and/or to terminate the agreement with the Participant, notify all other Participants and initiate suitable steps for the protection of the interests of Beneficial Owners and other Participants.
- 5.5.4.5. IIDIL shall notify the Participant and other Participants and IFSCA within 7 (seven) days of the termination of the Participant under these Bye Laws.
- 5.5.4.6. The Participant shall be required to meet all its outstanding obligations to IIDIL, whether incurred while the Participant was acting as such or incurred thereafter but arising out of any action, transaction or dealings by the Participant during that period.
- 5.5.4.7. On termination of the agreement with a Participant or on withdrawal by the Participant from IIDIL, every Beneficial Owner of that Participant shall have the option of either getting his Securities held with the Participant transferred to another Participant, or get the Securities rematerialised. Notwithstanding anything stated above even after such termination, the Participant shall act as a Participant for the limited purpose of either getting the Securities held with the Participant transferred to another Participant or get the Securities rematerialised.
- 5.5.4.8. Upon termination of the agreement with a Participant, IIDIL shall give notice in writing to all Beneficial Owners holding accounts with such Participant calling upon the Beneficial Owners to have their accounts transferred to any other Participant within 15 (fifteen) days from the receipt of such notice. In the event of there being any Beneficial Owners who have failed to have their accounts transferred to any other Participant as aforesaid, IIDIL shall nominate one or more Participants to whom such accounts shall stand transferred for the time being provided however that no transactions in respect of the Securities in such account shall be effected until such time as the concerned Beneficial Owner shall have acknowledged receipt of and thereby shall have agreed to be bound by the DP-BO Rights and Obligations document, to such Participant.

**CHAPTER 6 : RIGHTS AND OBLIGATIONS OF BENEFICIAL OWNERS**

- 6.1. A Beneficial Owner may open one or more accounts with one or more Participants and may close one or more accounts with any or all Participants or transfer his Securities in one account with a Participant to another account with the same Participant or with any other Participant.
- 6.2. The Beneficial Owner shall pay such fees, charges and deposits to the Participant, as may be mutually agreed upon, for the purpose of opening and maintaining his/its account, for carrying out the instructions and for rendering such other services as are incidental or consequential to the Beneficial Owner holding Securities in and transacting through the said account with the Participant. The Participant shall be entitled to change or revise the said fees, charges or deposits from time to time subject to such prior notice as may be agreed between the parties.

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- 6.3. Every Beneficial Owner shall be primarily responsible for:
- 6.3.1. the veracity of all statements and particulars set out in the account opening form specified by the Relevant Authority;
  - 6.3.2. the authenticity and genuineness of all documents submitted to the Participant at the time of opening of an account with the Participant;
  - 6.3.3. representation as to the title to the Securities submitted to the Participant for dematerialization;
  - 6.3.4. ensuring that the Securities to the credit of his account are sufficient to meet the instructions issued to the Participant for effecting any transaction;
  - 6.3.5. informing the Participant at the earliest of changes in the account particulars of the Beneficial Owner such as address, bank details, status, authorisations, mandates, nomination, signature, etc.;
  - 6.3.6. furnishing the accurate identification details whilst subscribing to any issue of Securities;
  - 6.3.7. complying with the terms and conditions of the DP-BO Rights and Obligations document.
- 6.4. Every Beneficial Owner shall be entitled to a statement of the account of that Beneficial Owner from his Participant, at a periodicity and mode as prescribed by IFSCA/IIDIL
- 6.5. In the event of dispute between the Beneficial Owner and his Participant and the Participant is not furnishing the statement of account, IIDIL shall provide directly or cause to provide through such Participant a statement of the account of such Beneficial Owner for such period as requested by the Beneficial Owner.
- 6.6. Every Beneficial Owner shall scrutinize every statement of his account received from Participant for the accuracy and veracity thereof and shall be obliged to point out any mistakes, inaccuracies or discrepancies to the Participant within a fortnight of the receipt of such statement.
- 6.7. Subject to the Participant's right of lien and subject to any orders, injunctions, directions or instructions issued by a court, tribunal, IFSCA, Central or State Government or other authority empowered in that behalf or by IIDIL, every Beneficial Owner shall be entitled to have the instructions issued by him to the Participant with whom such Beneficial Owner has an account carried out with utmost dispatch on the same day on which the instructions are issued and failing that before the close of working hours of the immediately succeeding working day provided however, that subject to the above, the Beneficial Owner may issue standing instructions to the Participant for crediting his account in accordance with the instructions.
- 6.8. Every Beneficial Owner shall exercise due care and caution so as to ensure the safe custody of delivery cheques received by him and shall immediately notify the Participant and IIDIL of any loss thereof and shall be liable for any misuse of any cheques on account of negligence on his part.
- 6.9. Closure of account by Beneficial Owner**
- 6.9.1. The Beneficial Owner, may close his/her Demat Account held with the Participant without assigning any reason therefor by calling upon the Participant to close the account, provided there are no Securities lying in the account or no instructions remain pending or unexecuted and no fees or charges remain payable by the Beneficial Owner to the Participant.
  - 6.9.2. In such event the Beneficial Owner shall make an application to the Participant in the format specified by IIDIL in that behalf. The Beneficial Owner may close his account by executing the account closing form if no balances are standing to his credit in the account. In case any balances of Securities exist in the account sought to be closed, the account may be closed in one of the following ways:
    - 6.9.2.1. by rematerialisation of all existing balances in his account;
    - 6.9.2.2. by transfer of all existing balances in his account to one or more of his other account/s held with any other Participant/s;
    - 6.9.2.3. by rematerialisation of a part of the existing balances in his account and by transferring the rest to one or more of his other account/s with any other Participant/s.
  - 6.9.3. The Participant shall initiate the procedure for transfer of balances or for rematerialisation of Securities in the Beneficial Owner's account, as the case may be, within a period not exceeding 30 (thirty) days from the date of receipt of instructions from the Beneficial Owner in that behalf.
  - 6.9.4. The Beneficial Owner's account shall not be closed if there exist any Securities in the Beneficial Owner's account which are pledged or hypothecated or the account is unreconciled or if the closure of such account would result in breach or violation of any decree or order or injunction of any court, tribunal or statutory or revenue authority.
  - 6.9.5. In the event of the Participant ceasing to be a Participant, the Beneficial Owner may either seek rematerialisation of his Securities or request for the transfer of the Securities in its account to an account opened with another Participant.



**6.10. Closure of account by Participant**

- 6.10.1. The Participant shall be entitled to forthwith close the Demat Account of the Beneficial Owner in the event of the Beneficial Owner:
  - 6.10.1.1. failing to pay the fees or charges as may be mutually agreed upon within a period of 30 (thirty) days from the date of demand made in that behalf;
  - 6.10.1.2. submitting for dematerialisation any certificates or other documents of title which are forged, fabricated, counterfeit or stolen or have been obtained by forgery or the transfer whereof is restrained or prohibited by any direction, order or decree of any court, tribunal, Central or State Government, the Authority or any statutory or revenue authority or under any covenant or undertaking given to any statutory authority;
  - 6.10.1.3. committing or participating in any fraud or other act of moral turpitude in his dealings with the Participant;
  - 6.10.1.4. otherwise misconducting himself in any manner.
- 6.10.2. The Participant may also close the Demat Account of the Beneficial Owner, for any reason whatsoever and without assigning any reason, provided the Participant shall have given a notice of not less than 30 (thirty) days to the Beneficial Owner in this behalf.
- 6.10.3. In the event of the Participant closing the account, the Participant shall call upon the Beneficial Owner to specify whether he desires to have the security balances in his account transferred to his account with another Participant or to have the same rematerialised in the manner specified in these Bye Laws and the Participant shall accordingly close the account of the Beneficial Owner.
- 6.10.4. Where the Demat Account of a Beneficial Owner is closed for any reason not attributable to the Beneficial Owner, the cost, charges and expenses involved in the transfer of the Beneficial Owner's account to any other Participant or rematerialisation of Securities in such account shall be borne by the Participant.
- 6.10.5. If upon receipt of notice from the Participant for closure of the Demat Account, the Beneficial Owner fails to specify the account with any other Participant to which the existing balances are to be transferred or if the Participant fails to take necessary steps to have the Securities in such account transferred to the Beneficial Owner's account with some other Participant, IIDIL shall nominate any other Participant to whom such account shall stand transferred for the time being, provided however that no transaction in respect of Securities in such transferred account shall be effected until such time as the Beneficial Owner shall have acknowledged receipt of and shall have thereby agreed to be bound by DP-BO Rights and Obligations document to the Participant to whom such account is so transferred by IIDIL.
- 6.10.6. Notwithstanding closure of the Demat Account by either of the parties, the provisions of the agreement or DP-BO Rights and Obligations document, as the case may be, and all mutual rights and obligations arising therefrom shall, continue to be binding on the parties in respect of all acts, deeds, matters and things done and transactions effected during the operation of the agreement or DP-BO Obligations document. Provided however that the provisions of the DP-BO Agreement / DP-BO Rights and Obligations document shall not be binding on the parties if rights or obligations arising therefrom are contrary to and/or inconsistent with such closure.

**CHAPTER 7 : SETTLEMENT****7.1. Market Trades settlement**

- 7.1.1. In respect of Market Trades, IIDIL shall debit and/or credit the account of the Beneficial Owner as per the procedure laid down under Applicable Laws, these Bye-Laws and the Operating Instructions, strictly in accordance with the advice issued by the Clearing Corporation on confirmation of payment.

**7.2. Off Market Trades settlement**

- 7.2.1. In respect of Off Market Trades, IIDIL shall debit and/or credit the account of the Beneficial Owner entitled to such credit or debit, as the case may be, after receipt of confirmation from the delivering Beneficial Owner and the receiving Beneficial Owner through their respective Participants confirming the details of Securities.

**7.3. Inter-Depository settlement**

- 7.3.1. IIDIL shall enter into an agreement with every other depository (*if any*) inter alia providing for inter-depository transactions, settlement schedules and procedures, reconciliation of records, resolutions of disputes, differences or claims between depositories or between Participants or Beneficial Owners in different depositories through arbitration as may be mutually agreed in that behalf. No such agreement shall come into force unless the same shall have been previously approved by IFSCA.

**CHAPTER 8 : CLEARING CORPORATION****8.1. Admission of Clearing Corporation**

- 8.1.1. A Clearing Corporation may be admitted to IIDIL on such Clearing Corporation entering into an agreement with IIDIL in the form as provided under Annexure “D” to the Bye Laws.

**8.2. Admission Criteria**

- 8.2.1. A Clearing Corporation shall be admitted to the IIDIL if:
- 8.2.1.1. the Clearing Corporation guarantees payment against delivery and has a trade guarantee fund or any other fund as approved by IFSCA;
  - 8.2.1.2. the Clearing Corporation has adequate hardware and software systems to interact with IIDIL;
  - 8.2.1.3. the Clearing Corporation undertakes at all times to redress the grievances of Beneficial Owners, Clearing Members and the Participants in respect of its operations in relation to IIDIL;
  - 8.2.1.4. in the opinion of IIDIL, the Clearing Corporation has the operational capability to provide the services relating to clearing and settlement of transactions relating to the Securities admitted to IIDIL to be held in dematerialised form.

**8.3. Rights and obligations of Clearing Corporation**

- 8.3.1. IIDIL shall apart from Beneficial Owners accounts to be opened and maintained in accordance with the Applicable Laws and these Bye Laws, be entitled to open and maintain such other accounts as may be specified in the Operating Instructions for the clearing/settlement process to facilitate any of the functions of IIDIL and/or to facilitate any of the services that IIDIL is authorised to offer including but not limited to pledge and hypothecation, lending and borrowing, earmarking, lock-in, freezing, trading, clearing and settlement with such specifications and on such terms and conditions as IIDIL may specify in the Operating Instructions from time to time.
- 8.3.2. In the event of any Securities continue to remain in the aforesaid accounts opened and maintained for the purpose stated above, at the time of the book closure or record date for any reason whatsoever, IIDIL shall inform the details of all such accounts to the Issuer/RTA and such Securities shall be eligible for corporate benefits, which may be declared at such time.
- 8.3.3. All corporate benefits that may accrue in respect of Securities that are held in the aforesaid accounts shall be availed of and held in trust for the benefit of the concerned Beneficial Owner and shall be dealt with in accordance with the bye laws, rules and regulations of the concerned Stock Exchange.

**8.4. Indemnity**

- 8.4.1. The Clearing Corporation shall indemnify and keep indemnified and saved harmless IIDIL, its employees and servants from and against all claims, demands, penalties, suits, actions, litigation, arbitration, prosecutions and any proceeding whatsoever (including all costs, charges and expenses relating thereto) that IIDIL may suffer or incur or may be called upon to suffer or incur by reason of any advice, intimation or information including that in respect of any debit or credit to any account received by IIDIL from the Clearing Corporation being false, incorrect or erroneous or on account of any negligence, error or fraud in the operation of any accounts opened as may be specified in the Operating Instructions or by reason of any breach or default on the part of the Clearing Corporation in carrying out its obligations under these Bye Laws or the Operating Instructions issued in pursuance hereof and/or the bye-laws, rules and regulations of the concerned Stock Exchange.
- 8.4.2. IIDIL shall indemnify and keep indemnified the Clearing Corporation from and against all claims, demands, suits, action, litigation, prosecution and proceedings of every nature whatsoever (including all costs, charges and expenses relating thereto) and any harm, loss, damage or injury that the Clearing Corporation may suffer or incur or may be called upon to suffer or incur by reason of any wrong or erroneous credit or debit being effected by IIDIL which is not in conformity with the corresponding advice, intimation, information received by IIDIL from the Clearing Corporation or by reason of IIDIL otherwise failing to carry out its obligations in terms of Applicable Laws or these Bye Laws or Operating Instructions issued thereunder.

**CHAPTER 9 : RIGHTS AND OBLIGATIONS OF CLEARING MEMBERS**

- 9.1. A Clearing Member who is a Participant in IIDIL shall open such accounts as may be specified in the Operating Instructions for the purpose of settlement of trades with the Clearing Corporation.
- 9.2. Every Clearing Member who is not a Participant in IIDIL may open such accounts as may be specified in the Operating Instructions for the purpose of settlement of trades with the Clearing Corporation, after entering into an agreement with a Participant.
- 9.3. IIDIL may call upon any Clearing Member to furnish any security or additional security to IIDIL to secure the due observance and performance of the Clearing Member's obligations under these Bye Laws, and under the Operating Instructions that may be issued by IIDIL from time to time.

**CHAPTER 10 : SAFEGUARDS TO PROTECT INTEREST OF BENEFICIAL OWNERS AND PARTICIPANTS**

- 10.1. IIDIL may, from time to time, issue directions/order/Operating Instructions for establishment of mechanism for ensuring that the interest of persons buying and selling Securities held in the depository are adequately protected, in the manner as it may in its discretion deem fit or necessary. Such measures may include insurance to protect the interests of the Beneficial Owners against risks likely to be incurred on account of its activities as a recognised depository.
- 10.2. Contingency Funds**
  - 10.2.1. Without prejudice to aforesaid, IIDIL may establish different funds/reserves ("**Contingency Fund**") for protecting and safeguarding the interests of Participants and Beneficial Owners that may be set up under these Bye Laws from time to time. Each Participant will be required to contribute to these funds in the manner and on terms and conditions specified by IIDIL from time to time.
  - 10.2.2. IIDIL shall specify in the Operating Instructions or by way of a separate instrument, the procedure for establishment, operation and administration of these funds and the purpose for which these funds may be used from time to time.
  - 10.2.3. IIDIL shall also specify in the Operating Instructions or other instrument as the case may be, the entities who are entitled to make claims on the funds, the procedure for making claims on the funds, and the inter se priority of such claims.
  - 10.2.4. The Contingency Fund shall be held in trust by IIDIL for the benefit of Participants and Beneficial Owners as the case may be.
- 10.3. Risk Management System**
  - 10.3.1. IIDIL shall take necessary steps to have a sound risk management system and infrastructure for comprehensively managing risks.
- 10.4. Business Continuity Plan and Disaster Recovery**
  - 10.4.1. IIDIL shall have adequate business continuity plan and disaster recovery site to maintain data and transaction integrity in the manner as may be specified by the IFSCA from time to time.
- 10.5. Confidentiality**
  - 10.5.1. IIDIL shall cause all its employees who are in the normal course of its business as a depository, likely to have access to data or information relating to any security or Securities belonging to any Beneficial Owner including any unpublished price sensitive information as defined under Regulation 2(1)(n) of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to execute fidelity bonds undertaking that the employee shall at all times maintain complete confidentiality in respect of all such data or information.
  - 10.5.2. IIDIL, Participants, Issuers, RTAs, Clearing Corporations and Clearing Members may provide or disclose such details, particulars, data or information relating to any Beneficial Owner and/or his account as may be required or directed in writing by any court, tribunal, Central or State Government, IFSCA or any other regulatory or revenue authority empowered by law in that behalf or to the concerned Issuer and/or RTA or Clearing Corporation or as may be required for compliance with any obligations in law or for enforcement of any of its rights or for protection of its interest without reference or recourse to the other or to the concerned Beneficial Owner provided however that save and except as aforesaid, none of them shall divulge or permit or suffer to be disclosed any such details, particulars, data or information to any party or person and shall hold such details, particulars, data and information in strict confidence.

**10.6. Protection of Systems and Procedures, and Data**

- 10.6.1. IIDIL shall have adequate mechanisms for the purposes of reviewing, monitoring and evaluating the depository's controls systems, procedures and safeguards. IIDIL shall cause an inspection of its controls, systems, procedures and safeguards to be carried out annually and forward a copy of the report to the IFSCA.
- 10.6.2. IIDIL shall ensure that the integrity of the automatic data processing systems is maintained at all times. IIDIL shall take all precautions necessary to ensure that the records are not lost, destroyed or tampered with and in the event of loss or destruction, ensure that sufficient back up of records is available at all times at a different place.
- 10.6.3. IIDIL shall take necessary steps to protect the transmission and storage of data under IIDIL system. The data shall be protected from unauthorised access, manipulation and destruction. The transmission of data shall be in encrypted form so as to eliminate the possibility of unauthorised interception of data. The back-up of data stored under IIDIL system by IIDIL shall be kept in the exclusive custody of IIDIL, and of such Participants, Issuers, RTAs, and Clearing Corporation respectively. IIDIL shall ensure sufficient security measures, to prevent the access by unauthorised persons to the data of IIDIL operations. IIDIL shall take adequate measures for maintenance of transaction logs and audit trail for each change either in account details or in Beneficial Ownership of Securities.

**CHAPTER 11 : SECURITIES**

- 11.1. All Securities within the scope of the MII Regulations and the Applicable Laws in relation to IFSC shall be eligible for being held in dematerialised form in IIDIL.
- 11.2. The Board/ Relevant Authority shall determine the criteria for admission of Securities with IIDIL for being dematerialised and held in dematerialised and fungible form and the same shall be published from time to time.
- 11.3. Before dematerialisation commences in respect of any Securities admitted to IIDIL as aforesaid, the Issuer or its RTA, if any, shall comply with the following:
  - 11.3.1. The Issuer and/or its RTA shall enter into an agreement with IIDIL as per the form(s) at Annexure "E" or Annexure "F" hereto as the case may be. Nothing contained in this clause is applicable where:
    - (i) IIDIL is the issuer of Securities;
    - (ii) Central/ State Government is issuer of Government Securities.
  - 11.3.2. The Issuer and/or its RTA shall acquire adequate hardware and software systems to interact with IIDIL as specified from time to time in Operating Instructions.
  - 11.3.3. The Issuer and/or its RTA shall undertake to expeditiously redress the grievances of the Beneficial Owners and the Participants.
  - 11.3.4. The Issuer and/or its RTA shall agree and undertake to strictly adhere to the performance standards as may be laid down by IIDIL from time to time.
  - 11.3.5. All matters relating to allotment, transfer and extinguishment of Securities, maintenance of records of holders of Securities, handling of physical Securities and establishing connectivity with the depositories are handled and maintained at a single point i.e., either in-house by the issuer or by RTA.
- 11.4. Without prejudice to any other rights, the Board/ Relevant Authority may refuse the admission of any Security of an issuer as an Eligible Security or may remove the same from the list of Eligible Securities, if:
  - 11.4.1. the Issuer is in continuous breach or default of its obligations under these Bye Laws or under its agreement with IIDIL and fails to rectify or remedy such breach or default, or;
  - 11.4.2. the Issuer does not have or has ceased to have the operational capability to provide the services referred to herein, or;
  - 11.4.3. The Board/ Relevant Authority is satisfied that circumstances exist which render it necessary in the interest of the investors to do so.
- 11.5. IIDIL shall not remove any Security as aforesaid unless:
  - 11.5.1. IIDIL shall have issued at least 30 (thirty) days notice in writing to the concerned Issuer calling upon the Issuer to show cause as to why the said Security should not be removed as aforesaid, and;
  - 11.5.2. The Issuer shall have been given a reasonable opportunity of being heard in that behalf.
- 11.6. IIDIL shall notify all Participants, the concerned Issuer and its RTA and the concerned Beneficial Owners forthwith upon such removal as aforesaid.

**CHAPTER 12 : RIGHTS AND OBLIGATIONS OF ISSUERS AND THEIR RTAs**

- 12.1. Where an Issuer has appointed an RTA, and where a tripartite agreement has been entered into by IIDIL with the Issuer and its RTA, then notwithstanding any agreement, arrangement or understanding to the contrary between the Issuer and its RTA, the Issuer shall be primarily responsible for all obligations and liabilities in respect of any act, deed, matter or thing by such RTA in respect of its operations in IIDIL. Nothing contained in this clause shall be applicable where the Central or State Government is the issuer of Government Securities.
- 12.2. Every Issuer shall in respect of Securities admitted on IIDIL provide timely information to IIDIL about book closure, record dates, dates for payment of interest or dividend, dates for the annual general meeting, dates of redemption or maturity of Securities, dates of conversion, dates of exercising warrants, call money dates, details of other corporate actions and such other information as may be specified by IIDIL from time to time. Nothing contained in this clause shall be applicable where the Central or State Government is the issuer of Government Securities.
- 12.3. An Issuer shall not permit dematerialisation of any eligible Securities admitted into IIDIL unless and until the Issuer is satisfied that the Securities sought to be dematerialised have been validly issued by the Issuer and that there is no restraint, prohibition, injunction or attachment under any direction, order or decree of any court, tribunal, Central or State Government, IFSCA or any statutory or revenue authority empowered in that behalf or under any law or under the terms and conditions of issuance of those Securities restraining or preventing the transfer or dematerialisation of those Securities. Nothing contained in this clause shall be applicable if the Central or State Government is the issuer of any security.
- 12.4. Every Issuer or its RTA shall, against receipt of a request for rematerialization from the Beneficial Owner through the Participant made in accordance with the Operating Instructions, and upon receipt of confirmation from IIDIL confirming such request, issue such certificate or certificates in respect of the Securities of which rematerialization is sought within such period as may be specified by law. Government Securities shall be rematerialised in accordance with the provisions of CHAPTER 13: below.
- 12.5. The Issuer or its RTA shall, on a daily basis, reconcile with IIDIL, the records in respect of balances of dematerialized Securities with Beneficial Owners and confirm to IIDIL, the total security balances both in physical as well as in dematerialised form in its books. Provided however that, in case where the Central or State Government is the issuer of any security, IIDIL shall on a daily basis reconcile the records in respect such Securities held in the Beneficial Owners accounts with the statement of balances as may be provided by the Central or State Government from time to time.
- 12.6. The Issuer or its RTA shall furnish to IIDIL allotment details in the manner required by IIDIL, of all Beneficial Owners who have opted for Securities to be credited in the electronic form. For all Securities where the Central or State Government is the issuer, IIDIL shall maintain the records of allotment details of all such Securities, to the extent of allotment to Beneficial Owners who have opted for Securities to be credited in the electronic form.
- 12.7. The Issuer/RTA shall pay to IIDIL such fees, costs, charges and deposits as may be specified in the Operating Instructions for Issuers/RTAs issued by IIDIL from time to time. In the event of the Issuer/RTA failing to make payment of any such fees, costs, charges or deposits, as the case may be, on or before the respective due dates, IIDIL shall be entitled to charge interest on any delayed payments in terms of this Bye Law, at the rate as may be prescribed by IIDIL.
- 12.8. The Issuer and its RTA shall indemnify and keep indemnified and saved harmless IIDIL and its Participants of, from and against all claims and demands and all suits, actions, litigations, prosecutions or other proceedings whatsoever (including the costs, charges expenses, penalties, damages and consequential losses thereof) that IIDIL and/or its Participant/s may be required or called upon to pay, suffer or incur by reason of or as a consequence of or on account of creation of Securities or upload of electronic files /data or any other form of electronic transfer or introduction of Securities in IIDIL system in breach of law and/or in breach of its obligations set out in these Bye Laws, Operating Instructions, Communiqués, letters or other communication in any form or under the agreement between IIDIL and the Issuer and /or RTA including all supplemental writings and modifications thereto, if any.
- 12.9. The Issuer or its RTA shall ensure that an internal audit shall be conducted in respect of its depository operations relating to IIDIL by a qualified Chartered Accountant/Company Secretary/ Cost and Management Accountant, as may be specified, holding a certificate of practice at such intervals as may be specified by IIDIL from time to time. A copy of internal audit report shall be furnished to IIDIL.
- 12.10. The Issuer or its RTA shall ensure that following items are placed before its Board of Directors in respect of its depository operations:
  - i. Internal audit findings alongwith management comments.
  - ii. Inspection findings of depository alongwith management comments.



**THE GUJARAT GOVERNMENT GAZETTE PART-II (Ext.) Dt. 26-02-2024**  
**CHAPTER 13 : ACCOUNTS / TRANSACTIONS BY BOOK ENTRY**

**13.1. Account opening**

- 13.1.1. IIDIL shall keep accounts separately in respect of each Beneficial Owner in respect of each Participant.
- 13.1.2. The Participant shall maintain separate accounts in respect of each Beneficial Owner and its own account.
- 13.1.3. Any prospective Beneficial Owner who wishes to avail of the services of IIDIL will have to open an account with IIDIL through a Participant.
- 13.1.4. The Beneficial Owner will have to make an application for this purpose to the Participant in the format specified in the Operating Instructions issued by IIDIL.
- 13.1.5. The Beneficial Owner will be required to acknowledge receipt of the DP-BO Rights and Obligations document to the Participant.
- 13.1.6. Once the application has been accepted by the Participant, the applicant will be issued a Beneficial Owner account number.

**13.2. Dematerialisation**

- 13.2.1. Credit of Securities into the account of any Beneficial Owner shall be made on dematerialisation of Securities held in physical form or on the fresh issue of Securities in the dematerialised form or on transfer/ transmission of dematerialised Securities from an account in any other depository. Nothing contained in this clause shall be applicable to Government Securities issued by Central or State Government.
- 13.2.2. Dematerialisation of Securities held in physical form:
  - 13.2.2.1. A Beneficial Owner may convert his Securities held in physical form into dematerialised form by making an application to the Participant in a Dematerialisation Request Form (hereinafter referred to as “DRF”) specified by IIDIL along with the relevant security certificates.
  - 13.2.2.2. The Participant shall forward the DRF so received, along with the relevant security certificates, to the Issuer or its RTA after electronically registering such request with IIDIL. Such DRF shall be forwarded by the Participant within 7 (seven) working days of accepting the same from its Beneficial Owner and till such time shall ensure safe custody of the Securities in physical form.
  - 13.2.2.3. Every Participant shall ensure that the documents representing Securities held in physical form including certificates and/or letters of allotment received by the Participant for dematerialisation are stamped on the face of the document with the words “Surrendered for dematerialisation.” Upon receipt of such documents for dematerialisation, the Participant shall cause to be made such other identification mark on the face of the document as may be specified by IIDIL.
  - 13.2.2.4. IIDIL will electronically intimate, on a daily basis, all dematerialisation requests to the respective Issuer or its RTA.
  - 13.2.2.5. Within 15 days of receipt of the certificate of security from the Participant the Issuer/RTA shall confirm to the depository that securities comprised in the said certificate have been listed on the Stock Exchange or exchanges in the manner specified by IFSCA from time to time. The Issuer or its RTA shall verify the validity of the security certificates and/ or letters of allotment as well as the fact that the dematerialisation has been required by the person(s) recorded as member(s) in its Register of Members or Register of Debenture holders or any other register of securities as may be specified by law; Provided however that the provisions of this clause regarding the listing approval shall not be applicable to unlisted Securities.
  - 13.2.2.6. After verification as aforesaid, the Issuer or its RTA shall intimate IIDIL and thereupon the Participant authorising a credit for that Security in favour of the Beneficial Owner. On receipt of such intimation, IIDIL and the Participant shall cause the necessary credit entry to be made in the account of the Beneficial Owner concerned.
  - 13.2.2.7. No credit of any Securities to the account of any Beneficial Owner shall be made unless IIDIL has received an intimation from the Issuer or its RTA as set out hereinabove.
  - 13.2.2.8. The Issuer or its RTA shall confirm the dematerialisation requests within 21 (twenty-one) days from the receipt thereof and state the Securities pending confirmation for more than 21 (twenty-one) days and record the reason for the delay. The Issuer or its RTA shall, simultaneously with the issuance of the intimation authorising credit to IIDIL and the Participant, mutilate and cancel the concerned certificate, substitute in its records the name of IIDIL as its registered owner and send a certificate to this effect to IIDIL and to every Stock Exchange with which the security is listed.

- 13.2.2.9. The Issuer or its RTA shall in all cases retain the DRF with it. The Issuer or its RTA shall return to the concerned Participant the certificates relating to those Securities in respect of which dematerialisation is rejected by the Issuer or its RTA unless otherwise required by any law in force for the time being.
- 13.2.2.10. In all cases where any Issuer or its RTA rejects any request for dematerialisation of any Securities, the Issuer or its RTA shall communicate in writing to the concerned Participant and the Beneficial Owner, the reason for such rejection.
- 13.2.3. The Issuer or its RTA giving intimation as set out hereinabove, represents and warrants to IIDIL that such Securities exist, are validly issued and stand in the records of the Issuer or its RTA in the name of the Beneficial Owner who has sought dematerialization in respect of those Securities.
- 13.2.4. Subscription to and/or allotment of Securities in dematerialised form:
- 13.2.4.1. Upon receipt of intimation by IIDIL from any Issuer or its RTA regarding allotment of any Securities to a Beneficial Owner in dematerialised form, IIDIL shall credit the accounts of the concerned Beneficial Owner;
- 13.2.4.2. In the event of an intimation being received by IIDIL from Issuer or its RTA, for credit of Securities to the account of any Beneficial Owner whose identity cannot be established in IIDIL, IIDIL may reject such request and give details of such rejection for rectification by the Issuer or its RTA to be dealt with as may be deemed fit by the Issuer or its RTA.

### 13.3. Dematerialisation (Credit) of Government Securities

A Beneficial Owner may obtain credit of Government Securities in the following manner:

#### 13.3.1. *By dematerialisation of Securities issued by the Central or State Government held in physical form:*

- 13.3.1.1. A Beneficial Owner may convert his/its Securities issued by Central/ State Government held in physical form into dematerialised form by making an application to the Participant in the Dematerialisation Request Form- Government Securities (“DRF-GS”) along with relevant security certificate/s and Form of transfer prescribed by Central or State Government in accordance with the Operating Instructions specified in this regard. The Participant shall not entertain any dematerialisation request for the Securities other than from the registered holder of the Securities.
- 13.3.1.2. The Participant shall forward the DRF-GS and other documents, if any, along with the security certificate/s to IIDIL, after electronically registering such a request. The Participant shall forward such DRF-GS to IIDIL within 7 (seven) days of its receipt.
- 13.3.1.3. Every Participant shall ensure that the physical certificate(s) is/are not defaced by affixing the stamp “Surrendered for dematerialisation” or mutilated by punching 2 holes. The Participant shall ensure that the words “Tendered for cancellation and credit to SGL A/c no. [•]” are inscribed in the column “Memorandum of Transfer” on the reverse of the certificate.
- 13.3.1.4. IIDIL shall forward the security certificate/s along with the duly filled in Form of transfer, to IFSCA/ RBI, Central or State Government, as the case maybe, and obtain credit of the said Government Securities to its CSGI Account / similar account for the purpose. Thereafter, IIDIL shall cause the necessary credit entries to be effected in the account of the concerned Beneficial Owner, in accordance with the Operating Instructions.
- 13.3.1.5. Where IFSCA /RBI, Central or State Government, as the case may be, rejects any request for dematerialisation of Government Security, IIDIL shall electronically intimate the Participant regarding such rejection within 7 (seven) days of such rejection.
- 13.3.1.6. On receipt of rejection of dematerialisation request by IFSCA / RBI, Central or State Government, as the case may be, IIDIL shall return to the Participant the DRF-GS along with the relevant security certificate/s and documents submitted by the Participant except that in cases where the certificates and documents are withheld by IFSCA/ RBI, Central or State Government, as the case maybe.

**13.3.2. By transfer or transmission of Securities issued by Central/ State Government from other eligible entity to his Beneficiary Owner Account of IIDIL**

- 13.3.2.1. A Beneficial Owner or his heirs or nominees may transfer his/its holdings held in SGL account with other eligible entity by making an application to the Participant in the DRF-GS and other relevant documents as prescribed under the Operating Instructions.
- 13.3.2.2. The Participant shall forward the DRF-GS along with the necessary documents to IIDIL after electronically registering such a request. The Participant shall forward such DRF-GS and other relevant documents to IIDIL within 7 (seven) days of its receipt.
- 13.3.2.3. IIDIL shall forward the request to IFSCA/ RBI, Central or State Government, as the case maybe, along with the documents, as prescribed by IFSCA/ RBI, Central or State Government, as the case maybe, from time to time.
- 13.3.2.4. IIDIL shall cause its CSGL Account / similar account for the purpose to be credited with such Securities. On receipt of the credit of balances into CSGL Account / similar account for the purpose of IIDIL, IIDIL shall electronically accept the demat request and cause the necessary credit entry to be made in the account of the Beneficial Owner concerned.
- 13.3.2.5. In case IFSCA/ RBI, Central or State Government, as the case maybe, rejects/refuses the transfer/ transmission for any reasons IIDIL shall return to the Participant such documents as specified in the Operating Instructions and communicate in writing to the concerned Participant the reason/s for rejection.

**13.3.3. By Subscription/Allotment of Government Securities**

- 13.3.3.1. A Beneficial Owner may subscribe and obtain credit of Securities issued by State or Central government by allotment directly from State or Central Government in the CSGL Account / similar account for the purpose of IIDIL.
- 13.3.3.2. A Beneficial Owner desirous of participating in the auction process of IFSCA/ RBI, Central or State Government, as the case maybe, may submit the application form along with the subscription amount to IIDIL.
- 13.3.3.3. IIDIL shall fill the necessary auction forms and submit to IFSCA/ RBI, Central or State Government, as the case maybe, on the date of auction. IFSCA/ RBI, Central or State Government, as the case maybe, shall credit the Securities allotted to the CSGL Account / similar account for the purpose of IIDIL Thereafter IIDIL shall credit the government Securities to the account of the concerned Beneficial Owner.
- 13.3.3.4. In case IFSCA/ RBI, Central or State Government, as the case maybe, rejects in full or in part the application, the funds will remain in the Current Account of IIDIL with IFSCA/ RBI, Central or State Government, as the case maybe. IIDIL shall remit the same to the Beneficial Owner in a manner as specified in the Operating Instructions.

**13.4. Account freezing**

- 13.4.1. Every Beneficial Owner shall have an option to freeze his account either for debits or for credits or for both with the Participant so as to render it inoperable. IIDIL or the Participant shall freeze the account of a Beneficial Owner maintained with it on written instructions received by it or by the Participant in that regard from the Beneficial Owner concerned in the form specified by the Operating Instructions.
- 13.4.2. IIDIL or the Participant shall freeze the account of a Beneficial Owner maintained with it in the manner specified in the orders or directions of any court or tribunal or any Government or IFSCA or any other authority made or given under any law for the time being in force.

Provided however that any order of a Court, Tribunal, Government or other competent authority relating to freezing of a Beneficial Owner account or taking any action in relation to a Beneficial Owner account which is within the purview of obligations cast on a depository under Applicable Law, shall be effected by IIDIL or Participant only on receipt from such authority the Beneficial Owner Identification Number (BOID) or Permanent Account Number (PAN) coupled with specific directions if the same are not set out in such order with sufficient accuracy.

- 13.4.3. An account so frozen shall be activated on instructions in writing from the Beneficial Owner, where it has been frozen at the instance of a Beneficial Owner, and on receipt of instructions from IIDIL pursuant to the passing of any order or issuance of instructions vacating, revoking or setting aside the order of freezing by the court, tribunal or authority.

Provided further that on the account being frozen in either event, the Participant of such Beneficial Owner shall not effect any debit entry or any such other transaction unless the instructions or order for freezing the account has been withdrawn, revoked, vacated, set aside or modified as aforesaid. However, the Participant shall credit benefits to a frozen account.

- 13.4.4. IIDIL shall freeze or direct a Participant to freeze an account opened by the Participant with itself in respect of Securities held by the Participant in its own name:
  - 13.4.4.1. in the manner specified in the orders or directions of any court or tribunal or any Government or IFSCA or any other authority made or given under any law for the time being in force.
  - 13.4.4.2. if the Participant becomes insolvent, bankrupt or in case of a body corporate being wound up.  
Provided further that the frozen account may be released on instructions of the authority under whose directions such account was frozen.
- 13.4.5. Notwithstanding anything in this Bye Law, IIDIL shall be entitled to freeze any account of a Beneficial Owner in the manner specified in the Operating Instructions issued by IIDIL from time to time in case where deficiency in KYC documents is found.
- 13.4.6. The mode and the form of authorization in joint demat account for Freeze/unfreeze account and/or the ISIN and/or specific number of securities shall be specified in the Operating Instructions. Each joint demat account holder shall be jointly and severally liable towards the Depository Participant for all the commitments entered into by himself/herself or by any other joint demat account holder or authorized representative (within the limits of the power).]

### 13.5. Rematerialisation

- 13.5.1. A Beneficial Owner may opt out any of his/its security balances with IIDIL at any point of time by making an application to that effect to IIDIL through its Participant. The Participant shall ensure that the request for rematerialisation emanates from the Beneficial Owner and is duly authorised and is properly made. Nothing contained in this clause shall be applicable to Securities where IFSCA/ RBI, Central or State Government, as the case maybe, is the issuer of Government Securities.
- 13.5.2. A Participant holding its own Securities in IIDIL may at any point of time withdraw any of its security balances with IIDIL by making an application to that effect to IIDIL.
- 13.5.3. The Beneficial Owner shall make the request of withdrawal of the balance in his account in the Rematerialisation Request Form (hereinafter referred to as “RRF”) as specified in the Operating Instructions.
- 13.5.4. On receipt of the RRF, the Participant shall check whether sufficient unencumbered relevant security balance is available in the account of the Beneficial Owner. If there is a sufficient balance, the Participant shall accept the said RRF and block the balance of the relevant security lying in the account of the Beneficial Owner to the extent of the quantity for which rematerialization is sought and electronically intimate the request to IIDIL.
- 13.5.5. On receipt of the request referred above, IIDIL shall block the balance of the relevant Securities lying in the account of the Participant to the extent of quantity for which rematerialisation is sought.
- 13.5.6. IIDIL will intimate electronically all such accepted rematerialisation requests to the Issuer or its RTA on a daily basis.
- 13.5.7. The Participant shall forward the RRF to the Issuer or its RTA within 2 (two) working days of accepting such request from the Beneficial Owner. The Issuer or its RTA after validating the RRF will confirm electronically to IIDIL and the Participant that the RRF has been accepted. Thereafter the Issuer or its RTA shall dispatch the security certificates arising out of the rematerialisation request within a period of 30 (thirty) days from receipt of such RRF to the Beneficial Owner named in the RRF at the address set out therein taking such precautions as may be necessary against loss in transit.
- 13.5.8. On receipt of such acceptance from the Issuer or its RTA, IIDIL shall reduce the security balances to the extent of the rematerialized Securities in the respective Participant's or the respective Beneficial Owner's account as the case may be.

### 13.6. Withdrawal of Government Securities from the depository

- 13.6.1. A Beneficial Owner may opt out of the depository in the following manner:
  - 13.6.1.1. Rematerialisation of Securities issued by the Central or State Government held in his/its Beneficial Owner Account with IIDIL:

- 13.6.1.1.1. A Beneficial Owner holding his/its own Government Securities in IIDIL may decide to seek physical certificate by making a request to IIDIL in the Rematerialisation Request Form (“RRF-GS”) in accordance with the Operating Instructions issued in this regard.
- 13.6.1.1.2. On receipt of the RRF-GS, the Participant shall check whether sufficient free relevant security balance is available in the account of the Beneficial Owner. If there is sufficient balance, the Participant shall accept the said RRF-GS and block the balance of the relevant security lying in the account of the Beneficial Owner to the extent of the quantity for which rematerialisation is sought and electronically intimate the request to IIDIL
- 13.6.1.1.3. The Participant shall forward the RRF-GS to IIDIL within 7 (seven) days of its receipt. IIDIL shall forward such request to IFSCA/ RBI, Central or State Government, as the case maybe, along with the documents, if any, prescribed by IFSCA/ RBI, Central or State Government, as the case maybe, from time to time.
- 13.6.1.1.4. IIDIL shall cause its CSGL Account / similar account for the purpose, with IFSCA/ RBI, Central or State Government, as the case maybe, to be debited and obtain the physical certificate from IFSCA/ RBI, Central or State Government, as the case maybe. Thereafter IIDIL shall confirm the acceptance of RRF-GS electronically and forward the physical certificate to such person/ authority/ department as specified by IFSCA/ RBI, Central or State Government, as the case maybe. In case IFSCA/ RBI, Central or State Government, as the case maybe, rejects/refuses the rematerialisation request, IIDIL shall return to the Participant the documents as mentioned in the Operating Instructions and communicate in writing to the concerned Participant the reason(s) for such rejection.
- 13.6.1.2. Transfer or transmission of Government Securities issued by the Central or State Government held by the Beneficial Owner in his/its account in IIDIL to his/its account maintained with another eligible entity.
  - 13.6.1.2.1. If the request relates to transfer of Government Securities issued by the Central or State Government from an account with IIDIL to an account with another eligible entity, IIDIL shall, on the strength of the letter of authority issued by the Beneficial Owner, execute and forward the relevant form to the Central or State Government or to the other eligible entity with whom the Beneficiary Owner wishes to hold the said Securities. The eligible entity shall lodge the same with the Central or State Government. On the government Securities being debited from IIDIL’s CSGL Account with the Central or State Government, IIDIL shall confirm the acceptance of the RRF electronically to the Participant.
  - 13.6.1.2.2. On acceptance by IIDIL, the government Securities shall be debited from the respective Beneficial Owner’s account.
  - 13.6.1.2.3. In case the State or Central Government rejects/refuses the transfer/transmission request, IIDIL shall return to the Participant the documents as mentioned in the Operating Instructions and communicate in writing to the concerned Participant along with the reason(s) for such rejection.
- 13.6.1.3. Redemption on the date of maturity
  - 13.6.1.3.1. IIDIL shall comply with the procedure laid down for redemption by the Central or State Government within the prescribed time and shall cause the maturity proceeds to be credited to its Current Account with RBI and arrange to distribute the amount to the Beneficial Owners in accordance with the procedure prescribed in the Operating Instructions issued in this regard.

### 13.7. Account closure

- 13.7.1. A Beneficial Owner wanting to close an account shall make an application to the Participant in the format specified to that effect in the Operating Instructions.
- 13.7.2. The Beneficial Owner may close its account if no balances are standing to its credit in the account. In case any balances exist, then the account may be closed in the following manner:
  - 13.7.2.1. by rematerialisation of all its existing balances in its account;
  - 13.7.2.2. by transferring its security balances to its other account(s) held either with the same Participant or with a different Participant.
  - 13.7.2.3. by rematerialization of a part of its existing balances and by transferring the rest to its other account with the same Participant or with a different Participant.
- 13.7.3. The Participant shall ensure that all pending transactions as well as suspended balances have been adjusted and settled before closing such account. After ensuring that there are no balances in the Beneficial Owner’s account, subject to Bye Law 13.7.2, the Participant shall execute the request for closure of the Beneficial Owner’s account.



- 13.7.4. No account of any Beneficial Owner shall be closed if there exist any Securities in the Beneficial Owner's accounts which are pledged, collateralized or hypothecated or the account is in suspense or if the closure of such account would result in breach or violation of any order or injunction of any court, tribunal or authority.

### 13.8. Transfer of balances

- 13.8.1. No Participant shall initiate any debit or credit in the Demat Account of any Beneficial Owner except on the instructions of the Beneficial Owner, or on sanction or instructions of IIDIL for reasons to be recorded in writing by IIDIL.
- 13.8.2. The mode and the form of authorisation shall be specified in the Operating Instructions.
- 13.8.3. Where there is a transfer of security from the account of a Beneficial Owner of one Participant to the account of a Beneficial Owner of another Participant, both the Participants must intimate such instructions for delivery and receipt respectively, to IIDIL. After the instructions are matched in IIDIL system, such transfer shall be effected by IIDIL.
- 13.8.4. In the event of a Participant ceasing to be a Participant, the Beneficial Owner of that Participant may, either request for the rematerialisation of Securities or request for the transfer of Securities in its account to an account opened with another Participant.
- 13.8.5. The mode and the form of authorization in joint demat account for transfer of securities. Each joint account holder shall be jointly and severally liable towards the Depository Participant for all the commitments entered into by himself/herself or by any other joint demat account holder or authorized representative (within the limits of the power)

### 13.9. Transmission of Securities

- 13.9.1. Every Beneficial Owner shall be entitled, whether at the time of opening an account with the Participant (Beneficial Owner Account) or at any time thereafter to nominate not exceeding 3 (three) person/s who shall be entitled, upon the death of the Beneficial Owner, to succeed to the Securities held in such account. Where any Beneficial Owner Account is opened or stands in the names of two or more persons, the nomination in favour of such nominee/s shall be made jointly by all such persons. The Beneficial Owner may revoke such nomination or substitute the same with a fresh nomination at any time.
- 13.9.2. Where, in respect of any Securities in respect of which a nomination shall have been made by the holder of such Security prior to its dematerialisation, any nomination made at the time of opening the Beneficial Owner's Account shall be deemed to constitute a fresh nomination revoking and superseding the previous nomination made in respect of such Securities.
- 13.9.3. Where a Beneficial Owner Account stands in the name of more than one person, then, in the event of the death of any of them, notwithstanding any nomination as aforesaid, the Securities standing to the credit of such account shall vest in the surviving account holder/s as a trustee of the legal heirs of the deceased account holder.
- 13.9.4. Where a Beneficial Owner Account stands in the name of a sole person, in the event of the death of the Beneficial Owner, the Securities standing to the credit of such account shall vest in the nominee/s and where no such nomination is made, succession to such Securities shall be determined in accordance with law in favour of the heirs or legal representatives of the deceased against production of the necessary representation to the estate of the deceased by way of Probate, Will, Letters of Administration or Succession Certificate, as may be applicable, provided however that where the aggregate market value of the Securities as on the date of death of the Beneficial Owner held in such account does not exceed such amount as may be specified by IIDIL from time to time, the Board of Directors may, in its sole discretion, even in the absence of a legal representation to the estate of the deceased having been obtained, permit the transmission of Securities standing to the credit of such account in favour of the heirs or legal representatives or successors, as the case may be, on such terms and conditions as may be specified in the Operating Instructions.
- 13.9.5. The Participant shall be entitled to require the person or persons in whose favour the Securities are to be transmitted as aforesaid to open an account by following the procedure prescribed in the Operating Instructions for transmission of Securities.
- 13.9.6. The person or persons in whose favour the Securities are transmitted as aforesaid shall also be entitled to the benefit of any security deposit lying with the Participant subject to any deductions or adjustments that the Participant may be entitled to in accordance with these Bye Laws.

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- 13.9.7. In case the Beneficial Owner is declared as lunatic or adjudicated insolvent or otherwise incapable to operate his Beneficial Owner account, IIDIL shall, on production of the certified copy of the order passed by the competent court, transmit the security balances lying in such account to any other account as may be ordered. In the event of winding up of the Beneficial Owner by the Court, the Securities shall be transmitted to such account as directed in the court/ tribunal order to that effect. However, if the Beneficial Owner undergoes a voluntary winding up (not subject to supervision of the court/ tribunal) the Securities shall be transmitted to such account as provided in the resolution passed for such voluntary winding up.
- 13.9.8. Where a Beneficial Owner Account stands in the name of more than one person, then, in the event of the death of any of them, in addition to the option of opening of new account, the surviving account holders shall be given an option to continue with the same account by following the procedure prescribed in the Operating Instructions for transmission of securities.

#### 13.10. Corporate actions

- 13.10.1. The Issuer or its RTA shall intimate IIDIL of all corporate actions simultaneously with the intimation to Stock Exchanges in case of listed Securities and in case of unlisted Securities with prior notice of 7 (seven) clear days from the date of corporate action.
- 13.10.2. On receiving the intimation as stated above, the details of the holdings of the Beneficial Owners shall be provided electronically by IIDIL to the Issuer or its RTA as of the cut off date (relevant to that particular corporate action) for the purpose of distribution of corporate benefits within 5 (five) working days of the record date or the book closure date.
- 13.10.3. The Issuer or its RTA shall distribute dividend, interest and other monetary benefits and also ineligible Securities directly to the Beneficial Owners on the basis of the list provided by IIDIL.
- 13.10.4. The Issuer or its RTA may, if the benefits are in the form of Securities, distribute such benefits to the Beneficial Owners through IIDIL by electronically crediting the account of the concerned Beneficial Owner provided that:
- 13.10.4.1. the newly created Security is an Eligible Security and has been admitted to IIDIL;
- 13.10.4.2. the concerned Beneficial Owner has consented to receive the newly created Securities through IIDIL in dematerialised form.
- 13.10.5. In such case, the Issuer or its RTA shall provide allotment details of all Beneficial Owners to IIDIL.
- 13.10.6. On receipt of allotment details, IIDIL shall cause the necessary credit entries to be made in the account of the Beneficial Owner concerned.
- 13.10.7. Bye Laws 13.10.1 to 13.10.6 shall not apply in case of Government Securities issued by the Central or State Government. Immediately after the due date of payment of interest or the principal amount or any amount in respect of Government Securities shall be in accordance with the terms of Government Securities.

#### 13.11. Recording of non-disposal undertaking/non-disposal agreement/any other encumbrance (other than pledge & hypothecation):

- 13.11.1. Other than a pledge or hypothecation, if the Beneficial Owner wishes to create any of the following encumbrances:
- 13.11.1.1. any restriction on the free and marketable title to shares, by whatever name called, whether executed directly or indirectly;
- 13.11.1.2. lien, negative lien, Non-Disposal Undertaking
- 13.11.1.3. any covenant, transaction, condition or arrangement in the nature of encumbrance, by whatever name called, whether executed directly or indirectly
- on the Securities held by him in his Demat Account, he shall make an application to IIDIL through the concerned Participant in the manner as stated in the Operating Instructions. Till the said encumbrance is released, any transfer of the said Securities, encumbrance of any nature (including pledge or hypothecation), lending, rematerialisation, or alienation of Securities in any manner shall not be permitted in respect of those Securities. Releasing of any of the aforesaid encumbrances will be as per the procedure laid down in the Operating Instructions.

**CHAPTER 14 : PLEDGE AND HYPOTHECATION**

- 14.1. The pledgor and the pledgee must each have an account in IIDIL to create a pledge. However, the pledgor and the pledgee may hold accounts through two different Participants.
- 14.2. For the purpose of creation of any pledge or hypothecation of Securities, IIDIL or a Participant shall, on an application by any Beneficial Owner, issue a certificate of holdings to the Beneficial Owner, certifying that the Beneficial Owner is entitled in its name to such number of Securities of such Issuer as are proposed to be pledged or hypothecated.
- 14.3. The Participant of IIDIL shall on receipt of an application for the creation of pledge or hypothecation by the Beneficial Owner countersigned by the pledgee, within 15 (fifteen) days from the date of receipt thereof, create and record the pledge or hypothecation by electronically locking or freezing the Securities held in the account of the pledgor and shall issue an intimation of the same to the pledgor and pledgee.

Provided that pledge of the Securities issued by the Central or State Government shall be subject to the permission/ directions/ guidelines/ instructions issued by the Central or State Government in this regard.

- 14.4. IIDIL or a Participant shall not refuse permission to the pledgor or hypothecator to create a pledge or hypothecation in respect of Securities available for pledge or hypothecation unless operations in respect of those Securities are restrained or frozen by virtue of any order or direction of any court, tribunal, Central Government, IFSCA, or RBI or the Central or State Government in case of Securities issued by RBI or the Central or State Government or other competent authority or by IIDIL itself and if the IIDIL or a Participant does not create such pledge or hypothecation as the case may be, it shall intimate the intending pledgor and pledgee of its decisions setting out its reasons for such refusal.
- 14.5. No entry of pledge or hypothecation shall be cancelled by IIDIL without the prior concurrence of the pledgee. On receipt of notice of cancellation of the pledge or hypothecation from the pledgee, IIDIL shall unlock or unfreeze the Securities forthwith for which the pledge or hypothecation was created. IIDIL on cancellation of the pledge or hypothecation shall inform the pledger of such cancellation.
- 14.6. Subject to the provisions of the pledge/hypothecation documents, the pledgee/ hypothecatee may invoke the pledge or hypothecation, as the case may be through his Participant and on such invocation, IIDIL shall register the pledgee/ hypothecatee as Beneficial Owner of such Securities and shall amend its records accordingly. Thereafter, IIDIL shall immediately inform the Participants of the pledgor and the pledgee of the change and who in turn shall make necessary changes in their records and inform the pledgor and pledgee respectively.
- 14.7. IIDIL shall, before registering the hypothecatee as a Beneficial Owner, obtain the prior concurrence of the hypothecator.

**14.8. Margin pledge and re-pledge**

- 14.8.1. For the purpose of providing collateral in form of Securities as margin, the pledger shall pledge Securities with the stock broker under a separate type of pledge viz. margin pledge.
- 14.8.2. The stock broker / Clearing Member pledgee in whose favour the margin pledge has been created can re-pledge such pledged Securities by endorsement of pledge in favour of a Clearing Member or a Clearing Corporation.
- 14.8.3. No entry of margin pledge shall be cancelled by IIDIL without the prior concurrence of the pledgee. The pledgee shall ensure that re-pledge, if any, is cancelled before providing such concurrence.
- 14.8.4. The procedure to be followed for margin pledge and re-pledge shall be in accordance with the directions issued by the IFSCA from time to time, and Operating Instructions as specified from time to time.
- 14.8.5. The mode and the form of authorization in joint demat account for Pledge/Hypothecation/ margin pledge/ margin re-pledge (creation, Closure and Invocation and confirmation thereof as applicable) shall be specified in the Operating Instructions. Each joint demat account holder shall be jointly and severally liable towards the Depository Participant for all the commitments entered into by himself/herself or by any other joint demat account holder or authorized representative (within the limits of the power)

**CHAPTER 15 : SECURITIES LENDING**

Subject to the provisions of the Applicable Laws, any beneficial owner intending to lend or borrow Securities in IFSC, may do so in the manner as may be laid down by IFSCA from time to time.

**CHAPTER 16 : RECONCILIATION, ACCOUNTS AND AUDIT****16.1. Reconciliation**

- 16.1.1. IIDIL shall ensure that it has in place at all times such systems and procedures as would enable it to co-ordinate with the Participants and issuers or its RTAs and would facilitate reconciliation of records with Participants, issuers or its RTAs on a daily basis.
- 16.1.2. Every Participant shall reconcile its records with IIDIL on a daily basis.
- 16.1.3. IIDIL shall intimate the Issuers or its RTA all security balances of the Issuer held in dematerialised form with IIDIL at the end of the day and the said balances will be reconciled by the Issuer or its RTA on a daily basis.
- 16.1.4. The Issuer or RTA shall reconcile the records of dematerialised Securities with all the Securities issued by it, on a daily basis in accordance with these Bye Laws. Provided however that wherethe Central or State Government is the issuer of any Securities, IIDIL shall on a daily basis reconcile the records of the dematerialized Securities.
- 16.1.5. Issuer and/or its RTA shall carry out reconciliation as aforesaid in respect of the Securities issued by the Issuer, in accordance with these Bye Laws or Operating Instructions and any communication issued by IIDIL in that behalf from time to time, and shall indemnify and keep indemnified and saved harmless IIDIL and its Participants of, from and against all claims and demands and all suits, actions, litigations, prosecutions or other proceedings whatsoever (including the costs, charges and expenses thereof) that IIDIL and/or its Participant/s may be required or called upon to pay, suffer or incur by reason of the Issuer/RTA's failure to effect timely and regular reconciliation in terms of these Bye Laws and in terms of the Agreement with the Issuer/RTA.
- 16.1.6. If there is failure of the reconciliation as specified hereinabove, IIDIL may initiate necessary action including suspension of a Participant or suspension of transactions in a particular Security till the process of reconciliation has been completed.

**16.2. Accounting, Internal Control, Reports and Returns**

- 16.2.1. IIDIL shall maintain the following records and documents in electronic retrieval form for a minimum period of 20 (twenty) years:
  - 16.2.1.1. records of Securities dematerialised and rematerialized;
  - 16.2.1.2. the names of the transferor, transferee, and the dates of transfer of Securities;
  - 16.2.1.3. a register and an index of Beneficial Owners;
  - 16.2.1.4. details of the holding of the Securities of Beneficial Owners as at the end of each day;
  - 16.2.1.5. records of instructions received from and sent to Participants, issuers, issuers' agents/ RTAs and Beneficial Owners;
  - 16.2.1.6. records of approval, notice, entry and cancellation of pledge or hypothecation, as the case may be;
  - 16.2.1.7. details of Participants;
  - 16.2.1.8. details of Securities declared to be eligible for dematerialisation in the depository; and
  - 16.2.1.9. such other records as may be specified by the IFSCA from time to time.
- 16.2.2. IIDIL shall intimate the IFSCA of the place where such records and documents are maintained.
- 16.2.3. IIDIL shall furnish such returns, statements and particulars, in the manner as may be specified by the IFSCA. IIDIL shall furnish to the IFSCA its annual financial statements and returns by the 30th (thirtieth) of September of every year.
- 16.2.4. Each Participant shall furnish to IIDIL every year, a copy of the audited financial statements and auditors' report and the same shall be furnished not later than 6 (six) months after the end of the Participant's financial year.

Provided that when IIDIL is satisfied that circumstances warrant an extension of time to furnish such report, it may grant such extension to the Participant.

- 16.2.5. Every Participant shall keep accounts and records in respect of the operations of IIDIL, which shall be distinct and independent from the records and accounts maintained by it in respect of any other activities carried out by the Participant.
- 16.2.6. Proper accounts shall be maintained by IIDIL as well as the Participants in respect of the operations of IIDIL in accordance with the software provided by IIDIL.
- 16.2.7. The books of accounts and records of the Participant relating to the operations of IIDIL shall be open for inspection, investigation and audit to the officers or representatives of IIDIL.
- 16.2.8. Every Participant shall allow persons authorised by IIDIL to enter its premises during normal office hours and inspect its records relating to the operations of IIDIL.
- 16.2.9. Every Participant shall submit periodic returns to IIDIL in respect of its business and operations in IIDIL in the format specified in the Operating Instructions of IIDIL.
- 16.2.10. Every Participant shall maintain the following records and documents, namely:
  - 16.2.10.1. records of all the transactions entered into with IIDIL and with a Beneficial Owner and on behalf of Beneficial Owner
  - 16.2.10.2. particulars of Securities dematerialised and rematerialised on behalf of Beneficial Owner;
  - 16.2.10.3. records of instructions received from Beneficial Owners and copies of statements of account provided to Beneficial Owners, and,
  - 16.2.10.4. records of approvals, notices, entries and cancellation of pledge or hypothecation, as the case may be.
- 16.2.11. Every Participant shall intimate IIDIL, the place where the records and documents are maintained.
- 16.2.12. Subject to the provisions of Applicable Law, the Participant shall preserve records and documents for such minimum period of 8 (eight) years. Provided, however, all the books, registers, other documents and records relating to the issue or transfer of Securities shall be maintained and preserved by the Participant in electronic retrieval form for a minimum of 20 (twenty) years. Provided further that the Participant shall preserve and maintain respective original forms of documents, both in physical and electronic form, copies of which have been taken by Central Bureau of Investigation, Police or any other enforcement agency during course of any investigation or enquiry conducted by them till the trial is completed.
- 16.2.13. Every Participant shall furnish to IIDIL such information relating to various obligations to be performed by him from time to time in such format as may be prescribed by IIDIL to enable IIDIL to review and monitor his performance and to ascertain the level of compliance with the provisions of Applicable Law, these Bye Laws and Operating Instructions issued by IIDIL from time to time.
- 16.2.14. IIDIL may review and monitor the reports received from Participants and issue instructions to Participants to rectify the discrepancies, irregularities and non-compliances, if any, within such time limit as may be deemed fit.
- 16.2.15. In case the Participant fails to comply with the provisions of Applicable Law, these Bye Laws and Operating Instructions, etc., and continues to ignore or disregard the instructions issued by IIDIL, the matter may be placed before such committee as may be constituted by IIDIL for such purpose, for undertaking such action as it may deem fit. Any action taken by such committee shall be in addition to action taken by IFSCA.

### 16.3. Audit

- 16.3.1. IIDIL shall submit an audited net worth certificate from the statutory auditor on a yearly basis by the 30th (thirtieth) day of September of every year for the preceding financial year, to the IFSCA.
- 16.3.2. Every Participant shall ensure that an internal audit shall be conducted in respect of the Participant's operations relating to IIDIL by a qualified practicing Chartered Accountant/Company Secretary/Cost Accountant at such intervals as may be specified by IIDIL from time to time. A copy of internal audit report shall be furnished to IIDIL.
- 16.3.3. The scope of such audit shall cover the existence, scope and efficiency of the internal control system, compliance with the provisions of Applicable Law, these Bye Laws, Operating Instructions, agreements and systems security and insurance in the office of the Participant in respect of the operations of IIDIL.
- 16.3.4. In addition, IIDIL may, if it feels that it is in the interests of the Beneficial Owners to do so, direct that an audit of the records of the Participant shall be conducted by such auditor as may be appointed by IIDIL in this regard in so far the records and operations relate to the operations of IIDIL. IIDIL may empanel qualified Chartered Accountants or Company Secretaries or a Cost Accountant in practice for the purpose of conducting such audit.



16.3.5. Every Issuer shall submit audit report on a quarterly basis to the concerned Stock Exchanges audited by an independent Chartered Accountant or a practicing Company Secretary for the purposes of reconciliation of the total issued capital, listed capital and capital held by IIDIL in dematerialised form, the details of changes in share capital during the quarter and the in-principle approval obtained by the Issuer from all the Stock Exchanges where it is listed in respect of such further issued. Provided however that in case an Issuer has listed its Securities on a Stock Exchange having nationwide trading terminals, obtaining 'in-principle' approval from such Stock Exchanges for further issue of Securities shall be a sufficient compliance with Applicable Law.

16.3.5.1. Such audit shall inter alia certify as to whether during the quarter the Register of Members is updated and the dematerialisation requests have been confirmed as required by these Bye Laws. The report shall also specify the demat requests that remain/remained pending for confirmation for more than 21 (twenty-one) days from the date of receipt of request and the reasons for such delay;

16.3.5.2. The issuer shall immediately bring to the notice of IIDIL and the Stock Exchanges, any difference observed in its issued, listed, and the capital held by IIDIL in dematerialised form.

16.3.5.3. The audit report referred to hereinabove shall be submitted on a quarterly basis (within 30 days of the end of every quarter) to the Stock Exchange/s, and in case any discrepancies are noted, a copy thereof shall be forwarded to IIDIL.

#### **16.4. *Inspection and Investigation***

##### **16.4.1. *Inspection by the IFSCA***

16.4.1.1. The IFSCA may at any time undertake inspection, conduct inquiries and audit of IIDIL, its associates or any of its shareholders.

16.4.1.2. Where an inspection is undertaken by the IFSCA, every manager, director, managing director, chairperson, officer and other employee of IIDIL, its shareholder or associate shall cooperate with the IFSCA.

16.4.1.3. The IFSCA shall after consideration of inspection or investigation report take such action as it may deem fit and appropriate.

##### **16.4.2. *Inspecting and/or Investigating Authority***

16.4.2.1. Where IIDIL deems it necessary, it may appoint one or more persons as inspecting and/or investigating authority to undertake inspection of the books of accounts, other records and documents of the Participants and/or investigation into the matters mentioned hereinbelow to the extent they pertain to IIDIL operations for any of the purposes specified below:

16.4.2.1.1. as to whether the books of accounts and other books are being maintained in the manner required;

16.4.2.1.2. as to whether the provisions of Applicable Laws are being complied with;

16.4.2.1.3. as to whether the provisions of these Bye- Laws and Operating Instructions issued thereunder are being complied with;

16.4.2.1.4. to investigate into the complaints received from Beneficial Owners, other Participants or any other person on any matter having a bearing on the activities of the Participant;

16.4.2.1.5. to investigate, suo moto, for any reason where circumstances so warrant, into the affairs of the Participant in the interest of the Beneficial Owners in general;

16.4.2.1.6. to facilitate reconciliation of records in case the records of the Participant with IIDIL remain unreconciled for a period exceeding two working days;

16.4.2.1.7. to ascertain whether the systems, procedures and safeguards being followed by the Participant are adequate;

16.4.2.1.8. compliance with any of the directives issued in this behalf by any court or regulatory authority including the Government.

16.4.2.2. The inspecting and/or investigating authority appointed by IIDIL as specified hereinabove may either be its own officials or outside professionals.

16.4.2.3. When IIDIL appoints outside professionals as an inspecting and/or investigating authority, it shall notify to the Participant the names and addresses of the professionals or firms so appointed as inspecting and/or investigating authority at the time of inspection / investigation.

- 16.4.2.4. When outside professionals are appointed as inspecting and/or investigating authority in respect of a Participant and such professionals are already related to or connected in any other capacity with the Participant or its associates then such Participant shall forthwith inform IIDIL of such relationship.
- 16.4.2.5. When after the appointment of any outside professional as an inspecting and/ or investigating authority in respect of any Participant, the Participant or any of its associates engages the services of such professional for its services in any other capacity, the professional shall not engage himself in such other professional capacity with the Participant or any of its associates without the prior consent of IIDIL.
- 16.4.3. Notice**
- 16.4.3.1. Before undertaking any inspection and/or investigation under these Bye Laws, IIDIL shall give reasonable notice to the Participant for that purpose.
- 16.4.3.2. Notwithstanding anything contained herein above, where IIDIL is of the opinion that in the circumstances of any case, no such notice should be given, it may direct in writing that the inspection and/or investigation of the records and affairs
- 16.4.3.3. of the Participant be taken up without such notice;
- 16.4.4. Obligations of a Participant on Inspection / Investigation**
- 16.4.4.1. It shall be the duty of every Participant(including its directors, partners, officers and employees), as the case may be, whose records or affairs are being inspected and/or investigated, to produce to the inspecting and/or investigating authority all books, Securities, accounts, records and documents in its custody or control pertaining to the business and operations of Participants in IIDIL as such or arrange to produce such books, Securities, accounts, records and documents when they are in the custody or control of any other person and furnish such statements and information within such time as the said authority may require.
- 16.4.4.2. The Participant shall allow the inspecting and/or investigating authority to have reasonable access to the premises occupied by him or by any other person on his behalf and also extend reasonable facilities for examining any books, records, documents and computerised data in his possession or that of any other person and also provide copies of documents or other materials which in the opinion of the inspecting and/ or investigating authority are relevant.
- 16.4.4.3. The inspecting and/or investigating authority, in the course of inspection and/ or investigation may examine or record statements of any director, partner, officer and employee of the Participant or of any associate of such Participant.
- 16.4.4.4. It shall be the duty of every such Participant, its director, partner, officer and employee or where an associate is examined, of such associate, to give to the inspecting and/or investigating authority all assistance in connection with the inspection and/or investigation which the Participant may be reasonably expected to give.
- 16.4.4.5. Notwithstanding the provisions above, the inspecting and/or investigating authority shall not have the right to examine any person or inspect any records, which do not pertain to the operations of IIDIL.
- 16.4.5. Submission of report**
- 16.4.5.1. The inspecting and/or investigating authority shall, as soon as possible, submit an inspection and/or investigation report to IIDIL.
- 16.4.5.2. The inspecting and/or investigating authority shall maintain complete confidentiality and shall not disclose any information contained in the documents submitted to it or inspected by it to any person, firm, company or authority unless required by any law for the time being in force.
- 16.4.5.3. IIDIL shall after consideration of the report, communicate the findings to the Participant to give him an opportunity of being heard before any action is taken by IIDIL on the findings of the inspecting and/ or investigating authority.
- 16.4.5.4. On receipt of the explanations, if any, from the Participant, IIDIL may call upon the Participant to take such measures as IIDIL may deem fit in the interest of the Beneficial Owners.
- 16.4.5.5. In case the report of the inspecting and/ or investigating authority indicates the existence of any grounds for taking disciplinary action against a Participant, IIDIL if so satisfied shall cause a copy of the inspection/ investigation report to be handed over to the Disciplinary Action Committee for further action in this regard.

**PART C : DEALING IN BULLION/ BULLION DEPOSITORY RECEIPTS**

The provisions of this part shall apply to the Bullion Market including Bullion Exchange, Bullion Clearing Corporation, Depositor, Vaults and any other entity/ person dealing with Bullion/ Bullion Contracts/ Bullion Depository Receipts in IFSC.

In case of difference between the provisions of any Bye-Laws, rules and business rules/ regulations of IIDIL and the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA and / or Central Government and circulars or guidelines or directions issued by the IFSCA and / or Central Government thereunder, the provisions of the IFSCA Act and rules and regulations made thereunder by IFSCA and / or Central Government thereunder and circulars or guidelines or directions issued by the IFSCA and / or Central Government thereunder, shall prevail.

**CHAPTER 17 : POWER TO FRAME AND AMEND BULLION OPERATING INSTRUCTIONS**

- 17.1. The Board of Directors of IIDIL shall be entitled to frame and amend Bullion Operating Instructions of IIDIL from time to time.
- 17.2. Without prejudice to the generality of the foregoing, the Board of Directors of IIDIL shall have power to make ByeLaws and /or Bullion Operating Instructions, amongst other purposes, for all or any of the following matters:
  - 17.2.1. Hardware and software requirements;
  - 17.2.2. Procedure for account opening and other transactions within IIDIL;
  - 17.2.3. Mode of functioning, operation and processes in the Bullion Depository System;
  - 17.2.4. Norms which shall be required to be followed by the Clients of the Bullion Depository System;
  - 17.2.5. Manner of dealing with Vault Manager and creation of Bullion Depository Receipts in the Bullion Depository System;
  - 17.2.6. Procedure for reconciliation;
  - 17.2.7. Procedure for ensuring safeguards to protect the interests of Clients;
  - 17.2.8. Manner of creating and invoking pledges or hypothecation in respect of Bullion owned by the Beneficial Owners;
  - 17.2.9. Manner of rectification of errors and omissions;
  - 17.2.10. Manner of reconciliation of records with the Vault Manager;
  - 17.2.11. Inter se rights and obligations between IIDIL and its Clients;
  - 17.2.12. Fees and charges;
  - 17.2.13. Procedure for grievance redressal including conciliation and arbitration;
  - 17.2.14. Internal control standards including procedure for auditing, reviewing and monitoring;
  - 17.2.15. Record keeping;
  - 17.2.16. Inspections, and audit including systems audit;
  - 17.2.17. Entering into an agreement with a Vault Manager which has necessary infrastructure, standards, for safe storage of Bullion and its security;
  - 17.2.18. Establishment of standards of encrypted transmission and reconciliation mechanisms for electronic communications of data between IIDIL, Vault Manager and Bullion Clearing Corporation;
  - 17.2.19. Maintain register and an index of beneficial owners in such manner as may be prescribed by the Authority;
  - 17.2.20. The physical or electronic access to the premises, facilities, automatic data processing systems, data storage sites and facilities including back up sites and facilities and to the electronic data communication network connecting IIDIL, Vault Manager and Bullion Clearing Corporation and the control, monitoring and recording of the same;
  - 17.2.21. Arrangements including insurance for indemnifying the Beneficial Owners for any loss that may be caused to such Beneficial Owners by the wrongful act, negligence or default of IIDIL or of any of its employees;
  - 17.2.22. Forms for submitting various instructions;
  - 17.2.23. Forms and conditions of contracts to be entered into, and the time, mode and manner of performance of contracts;
  - 17.2.24. Time, place and manner for transacting business on IIDIL;
  - 17.2.25. Settlement of disputes, complaints, claims involving IIDIL, its Clients subject to the Bullion Operating Instructions and /or Bye-Laws including settlement by arbitration in accordance with the Bullion Operating Instructions and /or Bye-Laws in force from time to time;

- 17.2.26. Adopt / act in furtherance of broader principles of governance prescribed by International Organization of Securities Commissions (IOSCO) and principles for Financial Market Infrastructures (FMI) and such other governance norms as may be specified by the IFSCA, from time to time;
  - 17.2.27. Norms and procedures, terms and conditions for appointment and functioning of Vault service providers, assaying agencies, logistic service provider;
  - 17.2.28. Directions / guidance/ parameters every director and key management personnel of IIDIL to abide by the Code of Ethics and Conduct specified by the IFSCA;
  - 17.2.29. Providing / communicating reference to the IFSCA for any failure by the directors or key management personnel to abide by the Bullion Exchange Regulations or Code of Ethics and Conduct or in case of any conflict of interest, and to act upon the direction issued by the IFSCA wherein the IFSCA may take any action including removal or termination of the appointment of any director or key management personnel;
  - 17.2.30. Segregation of its regulatory departments from other departments in the manner specified by the IFSCA;
  - 17.2.31. Prescribe particulars for Bullion Depository Receipts;
  - 17.2.32. Appointment of a compliance officer who shall be responsible for monitoring the compliance of the Bullion Exchange Regulations, or circulars or guidelines or directions issued by the IFSCA and for the redressal of Client's grievances, and the manner of immediate and independent reporting of non-compliance thereof by the compliance officer to the IFSCA;
  - 17.2.33. Prescribe norms for all its directors, key management personnel and material shareholders for being fit and proper persons, at all times, and to comply with the norms prescribed by the IFSCA / Bullion Exchange Regulations from time to time;
  - 17.2.34. Form and manner of transfer of the Bullion Depository Receipts in buyer's name at the time of delivery;
  - 17.2.35. Design mechanism wherein complaints may be filed against relevant persons including vault service providers, assayers and continuous monitoring thereto;
  - 17.2.36. Furnish returns and statements and such particulars, as the IFSCA may, from time to time, require;
  - 17.2.37. Payment of regulatory fee as may be specified by the IFSCA;
  - 17.2.38. Appointment of committee or committees for any purposes of the functioning of IIDIL;
  - 17.2.39. Any other matter not specified above but required for the smooth operation of the Bullion Depository System either on its own or as may be directed by the Authority; and
  - 17.2.40. Any other matter as maybe decided by the Board or directed by the IFSCA to further / adopt any requirements of the Bullion Exchange Regulations.
- 17.3. In addition to the powers mentioned above, the Board of Directors may formulate Bullion Operating Instructions inter alia, with respect to:
- 17.3.1. Determination from time to time, as to the fees, system usage charges, deposits, margins and other monies payable to IIDIL by Clients;
  - 17.3.2. Norms and procedures for approval of Clients;
  - 17.3.3. Norms, terms and conditions which shall be required to be followed and complied by the Clients while acting as such;
  - 17.3.4. Administration, maintenance and investment of the corpus of the fund(s) set up by IIDIL, including the Contingency Fund and Client Protection Fund;
  - 17.3.5. Dissemination of information, announcements to be placed on the Bullion Depository System;
  - 17.3.6. Administration and operation of the reserves created by IIDIL including Client Protection Reserve;
  - 17.3.7. Any other matter as may be decided by the Board of Directors.
- 17.4. Code of Ethics and Conduct**
- 17.4.1. Every director and Key Management Personnel of IIDIL and such other persons as maybe specified by IFSCA/ Relevant Authority from time to time in this regard, shall adhere to the Code of Ethics and Conduct as may be prescribed by IFSCA/ Relevant Authority from time to time.
- 17.5. Fit and Proper Person**
- 17.5.1. Every director and Key Management Personnel of IIDIL and such other persons as maybe specified by IFSCA/ Relevant Authority from time to time in this regard, must fulfill the requirements for a 'fit and proper' person as may be prescribed by IFSCA/ Relevant Authority from time to time.

## CHAPTER 18 : FUNCTIONS OF IIDIL

## 18.1. IIDIL may perform the following functions:

- 18.1.1. Identify through documentary and/ or physical verification, the identity and address of the Depositor in whose favor a Vault Manager intends to issue a Bullion Depository Receipt;
- 18.1.2. Facilitate the opening, management and closing of accounts of Clients on IIDIL;
- 18.1.3. Facilitate the issue, modification, transfer, extinguishment, pledge and Limited Purpose E-Auction of the Bullion Depository Receipt; and
- 18.1.4. Such other incidental and ancillary functions as may be required in furtherance to these Bye-Laws and/or under Applicable Laws and/or as may be specified by IFSCA from time to time.

## 18.2. Rights and Obligations of IIDIL

- 18.2.1. IIDIL while conducting any business with a Client shall act diligently.
- 18.2.2. IIDIL to prepare and maintain such books of account as may be required under Applicable Law.
- 18.2.3. IIDIL shall provide and maintain at all times such performance guarantee/s or any revision as may be specified by IFSCA from time to time.
- 18.2.4. IIDIL shall adhere to any specific additional requirements regarding financial management, insurance, accounting and record-keeping as may be prescribed by IFSCA from time to time.
- 18.2.5. IIDIL shall strictly adhere to the norms, procedures and processes prescribed under Applicable Law for dealings with Vault Managers in the Bullion Depository System.
- 18.2.6. IIDIL shall follow the procedure for onboarding of Clients as may be prescribed by the Authority/IFSCA from time to time.
- 18.2.7. IIDIL shall follow the process of creating, releasing and invoking pledges as may be prescribed by the Authority/ IFSCA from time to time.
- 18.2.8. IIDIL shall initiate the Limited Purpose E-Auction in the manner as may be prescribed by the Authority/ IFSCA from time to time.
- 18.2.9. IIDIL shall carry out rectification of errors and omissions in the manner as may be prescribed by the Authority/ IFSCA from time to time.
- 18.2.10. Subject to Applicable Law, IIDIL may maintain the following records:
  - 18.2.10.1. Number of complaints received from Clients, their nature, status and manner of redressal once every month;
  - 18.2.10.2. Number of transfers effected for off-market settlement of trades at the end of the last working day of every week.
- 18.2.11. Any advice, statement or report maintained by IIDIL shall in the absence of manifest error, be conclusive as to its subject matter.
- 18.2.12. IIDIL shall reconcile its records on a daily basis or within such time period as may be specified by the Authority from time to time.
- 18.2.13. IIDIL shall, before opening any account or while acting upon the instruction of any Client:
  - 18.2.13.1. Make such inquiries as may be necessary and exercise due care and caution in ascertaining the bonafides of the prospective Client inter alia, by carrying out appropriate due diligence;
  - 18.2.13.2. Scrutinise the authenticity of the documents produced by the Client for opening the account;
  - 18.2.13.3. In case of joint owners of Bullion, obtain authority in writing from all such joint owners;
  - 18.2.13.4. Any other requirement/s as may be prescribed/directed by Relevant Authority or the IFSCA from time to time.
- 18.2.14. Notwithstanding anything to the contrary in the Bye Laws, IIDIL shall not be bound to effect any transaction or take any other action if it would violate any applicable law, decree, court order, regulation or order of any government or other competent authority or if IIDIL determines that it will not be in the interests of IIDIL or the Clients.
- 18.2.15. Notwithstanding anything to the contrary in the Bye Laws, IIDIL shall have the right to initiate a transaction or to take any other action in order to give effect to the order or judgment of a court of law or the Central or State Government or any other competent statutory authority.
- 18.2.16. IIDIL reserves the right to rectify any erroneous transaction in the accounts of a Client.
- 18.2.17. Without prejudice to any other right IIDIL may have, if as a result of rectification by IIDIL of any erroneous credit entries to the accounts of a Client pursuant to these Bye Laws, a negative balance arises, IIDIL may replace the relevant eligible Bullion in this connection.



**18.3. Rights and Obligations of IIDIL and Client/s**

- 18.3.1. IIDIL shall provide the rights and obligations document and obtain an acknowledgement thereof from the Client in the form and manner prescribed in the ByeLaws and/or Bullion Operating Instructions.
- 18.3.2. IIDIL shall thereafter open separate account for each of its Clients for holding Electronic Balances on behalf of its Clients.
- 18.3.3. IIDIL shall provide a statement of accounts including transaction statement and holdings statement to the Clients in such form and manner as specified under the Bye Laws and/or Bullion Operating Instructions.
- 18.3.4. IIDIL shall act on the instructions of the Client in the manner laid down under the Bye Laws and/or Bullion Operating Instructions.
- 18.3.5. IIDIL shall maintain a separate account for each of its Clients and ensure that the holdings of Bullion Depository Receipts of one Client are not mixed with the holdings of Bullion Depository Receipts of other Clients.
- 18.3.6. In the event of multiple instructions received from the Client relating to transfer of holding which exceed the balance in the account of the Client maintained with IIDIL, the sequence of execution of instructions by IIDIL shall be as follows:
  - 18.3.6.1. In the event of the Client specifying the sequence of execution of instructions, in the same sequence as specified by the Client to the extent it can be executed with the balance available in that Client's account with IIDIL;
  - 18.3.6.2. In the absence of specific instructions from the Client in the chronological order in which such instructions are received from the Client to the extent it can be executed with the balance available in that Client's account with IIDIL.

**18.4. Rights and Obligations of Clients**

- 18.4.1. A Client may open one or more Demat Accounts with IIDIL and may close one or more Demat Accounts with IIDIL or transfer his Electronic Balances in one account with IIDIL to another account with IIDIL.
- 18.4.2. The Client shall pay such fees, charges and deposits to IIDIL, as may be mutually agreed upon, for the purpose of opening and maintaining IIDIL account, for carrying out the instructions and for rendering such other services as are incidental or consequential to the Client's holding Electronic Balance in and transacting through the said account with IIDIL. IIDIL shall be entitled to change or revise the said fees, charges or deposits from time to time.
- 18.4.3. Every Client shall be primarily responsible for:
  - 18.4.3.1. The veracity of all statements and particulars set out in the Demat Account opening form;
  - 18.4.3.2. The authenticity and genuineness of all documents submitted to IIDIL at the time of opening of a Demat Account with IIDIL;
  - 18.4.3.3. Representation as to the title to the Bullion deposited with the Vault Manager and submitted to IIDIL for issuance of Bullion Depository Receipt;
  - 18.4.3.4. Ensuring that the Electronic Balance to the credit of the Demat Account are sufficient to meet the instructions issued to IIDIL for effecting any transaction;
  - 18.4.3.5. Informing IIDIL at the earliest of changes in the Demat Account such as address, bank details, status, authorizations, mandates, nomination, signature, etc.;
  - 18.4.3.6. Furnishing the accurate identification details;
  - 18.4.3.7. Complying with the terms and conditions of the Clients rights and obligations document and agreement.
- 18.4.4. Every Client shall be entitled to a statement of his/her account from IIDIL, at a periodicity and mode as prescribed by IIDIL.
- 18.4.5. Every Client shall scrutinize every statement of his account received from IIDIL for the accuracy and veracity thereof and shall be obliged to point out any mistakes, inaccuracies or discrepancies to IIDIL within a fortnight of the receipt of such statement.
- 18.4.6. Subject to IIDIL's right of lien and subject to any orders, injunctions, directions or instructions issued by a court, tribunal, the IFSCA, Central or State Government or other authority empowered in that behalf, every Client shall be entitled to have the valid instructions issued by him/her to IIDIL with whom such Client has an account to be carried out with utmost care and have such instructions executed on the same day on which the instructions are issued and failing that before the close of working hours of the immediately succeeding working day.  
 Provided however that, subject to the above, the Client may issue standing instructions to IIDIL for crediting or debiting his account in accordance with the instructions.

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##### 18.5. Closure of Account by Client

- 18.5.1. The Client, may close the Demat Account held with IIDIL without assigning any reason therefor by calling upon IIDIL to close the account, provided there are no Electronic Balances lying in the account and no instructions are pending or unexecuted and no fees or charges remain payable by the Client to IIDIL.
- 18.5.2. In such event, the Client shall make an application to IIDIL in the format specified by IIDIL in that behalf. The Client may close its Demat Account by executing the account closing form. In case any Electronic Balances exist in the account which is sought to be closed, the Demat Account may be closed by extinguishment of Electronic Balance in the account.
- 18.5.3. The Demat Account of the Client shall not be closed if there exist any Electronic Balance in the Demat Account of the Client which are pledged or hypothecated or the account is not reconciled or if the closure of such Demat Account would result in breach or violation of any decree or order or injunction of any court, tribunal or statutory or revenue authority.

##### 18.6. Closure of Demat Account by IIDIL

- 18.6.1. IIDIL shall be entitled to forthwith close the Demat Account of the Client in the event of the Client:
  - 18.6.1.1. Submitting for issuance of Bullion Depository Receipt which are forged, fabricated, counterfeit or stolen or have been obtained by forgery or the transfer whereof is restrained or prohibited by any direction, order or decree of any court, tribunal, Central or State Government, the Authority or any statutory or revenue authority or under any covenant or undertaking given to any statutory authority;
  - 18.6.1.2. Committing or participating in any fraud or other act of moral turpitude in its dealings with IIDIL;
  - 18.6.1.3. Otherwise for misconduct in any manner which is detrimental to the regulatory compliances of the directions issued by the Authority or IIDIL as the case may be;
  - 18.6.1.4. IIDIL may also close the Demat Account of the Client, for any reason whatsoever, provided IIDIL shall have given a prior notice of such time period as may be prescribed by the Authority, to the Client in this behalf;
- 18.6.2. In the event of IIDIL closing the Demat Account, the Electronic Balances shall be extinguished in the manner specified in these Bye Laws and/or the Bullion Operating Instructions and/or under Applicable Law.
- 18.6.3. Where the Demat Account of a Client is closed for any reason not attributable to IIDIL and the Client desires to extinguish its Electronic Balances, then, the cost, charges and expenses involved in the extinguishment of Electronic Balance in such account shall be borne by the Client.
- 18.6.4. Notwithstanding closure of the Demat Account by either the Client or IIDIL, the provisions of the agreement or Client's rights and obligations document, as the case may be, and all mutual rights and obligations arising therefrom shall, continue to be binding on the Client or IIDIL in respect of all acts, deeds, matters and things done and transactions effected during the operation of the agreement or Client's rights and obligations document. Provided however that the provisions of the Client's agreement /rights and obligations document shall not be binding on the parties if rights or obligations arising therefrom are contrary to and/or inconsistent with such closure.

### CHAPTER 19 : TRANSACTIONS

##### 19.1. Bullion Exchange Related Settlement

- 19.1.1. In respect of Bullion Exchange related settlement, IIDIL shall debit and/or credit the account of the Client as per the procedure laid down in Bye Laws and/or Bullion Operating Instructions.

##### 19.2. Client to Client Transfer

- 19.2.1. In respect of Client-to-Client transactions, IIDIL shall debit and/or credit the account of the Client entitled to such credit or debit, as the case may be, after receipt of instructions from the delivering Client and the confirmation from the receiving Client.

##### 19.3. Limited Purpose E-Auction

- 19.3.1. IIDIL shall prescribe in its Bye Laws and/or Bullion Operating Instructions such norms and procedures for the purpose of facilitating Limited Purpose E-Auction, subject to the approval of the Board of IIDIL. Such norms and procedures shall be subject to such amendments or modifications as may be required by IIDIL from time to time.

**CHAPTER 20 : SAFEGUARDS TO PROTECT INTEREST OF CLIENTS****20.1. Contingency Funds**

- 20.1.1. IIDIL may establish different contingency funds/reserves (“**Contingency Fund**”) for Client protection under these Bye Laws from time to time, as may be required under Applicable Law. The contribution to these funds/reserves shall be in the manner and on such terms and conditions as may be specified by the Authority or as may be determined by IIDIL from time to time, which may include submission of a percentage of funds received from the Client by IIDIL.
- 20.1.2. IIDIL may specify in the Bye Laws and/or Bullion Operating Instructions or by way of separate regulations or otherwise, the procedure for setting up, operation and administration of these funds/reserves and for the purpose for which these funds/reserves may be used from time to time.
- 20.1.3. IIDIL may also specify the persons who are entitled to make claims, the procedures for making claims and inter se priority of such claims.
- 20.1.4. The Contingency Fund shall be operated and administered in accordance with the Deed of Trust by the Trustees, appointed by the Board of Directors of IIDIL, for the benefit of Clients.
- 20.1.5. The funds so established shall be held in trust by IIDIL for the benefit of Clients.

**20.2. Protection of Data**

- 20.2.1. IIDIL shall take necessary steps to protect the transmission and storage of data under the Bullion Depository System. The data shall be protected from unauthorized access, manipulation and destruction. The transmission of data shall be in encrypted form and will have to be decrypted at the Clients end so as to eliminate the possibility of unauthorized interception of data. The backup of data stored under the Bullion Depository System by IIDIL shall be kept and maintained by IIDIL. IIDIL shall ensure sufficient security measures, to prevent the access of unauthorized persons to the data of IIDIL operations, as specified in the Bye Laws and/or Bullion Operating Instructions from time to time.
- 20.2.2. IIDIL shall have adequate business continuity plan for data and electronic records to prevent, prepare for, and recover from any disaster.

**20.3. Protection of Accounts of Clients**

- 20.3.1. The Clients have an option to freeze their Demat Accounts with IIDIL in accordance with these ByeLaws so as to render them inoperable for a limited period of time. Once the Client opts to freeze the account, IIDIL shall not affect any debit or credit entry or any such other transaction unless the instruction for freezing the account has been withdrawn by the Client.

**20.4. Client Protection Fund**

- 20.4.1. IIDIL may also establish and maintain a Client Protection Fund for the protection of interest of Clients, as may be required under Applicable Law.
- 20.4.2. The Client Protection Fund so established may be used for the purpose of indemnifying the Clients as required under these ByeLaws.
- 20.4.3. The contribution to and utilization of the Client Protection Fund shall be in accordance with the norms specified by the Authority from time to time.

**CHAPTER 21 : DEPOSIT AND WITHDRAWAL OF BULLION IN THE VAULT**

- 21.1. IIDIL shall adhere to the operating guidelines for the deposit and withdrawal of Bullion in the Vault in terms of the Applicable Laws, including, as per the Operating Guidelines on Bullion Exchange, Bullion Clearing Corporation, Vault Manager & Bullion Depository issued from time to time by the IFSCA, and perform the function of storage and safeguarding of bullion through a Vault Manager and issuance of the Bullion Depository Receipt in electronic form for trading on the Bullion Exchange. IIDIL shall issue the Bullion Depository Receipt on the underlying Bullion in the Vault operated by the Vault Manager registered and regulated by the Authority for trading on the Bullion Exchange.

**21.2. Empanelment of Vault**

- 21.2.1. IIDIL shall enter into an agreement with the Vault Manager which has necessary infrastructure, standards for safe storage of bullion and its security. The said agreement shall be in the form as provided in Annexure G.
- 21.2.2. Vault Manager to have the systems, mechanism and related IT infrastructure to provide encrypted transmission of information to IIDIL and system-based reconciliation of data between the Vault Manager and IIDIL.

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- 21.2.3. IIDIL will undertake mandatory physical inspection to ensure fulfilment of eligibility requirements before empanelling the Vault.
- 21.2.4. Vault Manager shall comply with the “fit and proper criteria” specified under the Bullion Exchange Regulations and/or by the Authority from time to time.
- 21.2.5. The Vault Manager shall adhere to the guidelines developed by IIDIL from time to time regarding automatic data processing systems and record keeping including but not limited to
  - 21.2.5.1. Details of hardware, software and communications systems, their capability, function and location;
  - 21.2.5.2. Details of data storage and back up procedures and sites, their capability, function and location;
  - 21.2.5.3. Details of disaster recovery systems and procedures.
- 21.3. The Vault to obtain certificate of registration from the Authority within such time as may be prescribed by IFSCA/ Relevant Authority.
- 21.4. IIDIL shall issue the Bullion Depository Receipt for the Bullion deposited with the Vault Manager basis the details shared by the Vault Manager with IIDIL and allow the withdrawal of Bullion in the manner and mode as may be prescribed by IIDIL from time to time in its Bye Laws and/or Bullion Operating Instructions.
- 21.5. The Client shall ensure that all the requirements as specified by the Authority or IIDIL are strictly followed for the deposit and withdrawal of Bullion represented by Bullion Depository Receipt issued in the Bullion Depository System.
- 21.6. The Vault Manager shall share information regarding deposit and withdrawal of Bullion by the Depositor in such manner as prescribed by IIDIL from time to time.
- 21.7. A Depositor shall place a request for the deposit of the Bullion with a Vault empaneled with IIDIL.
- 21.8. The Vault Manager, or any person authorised in this behalf, shall ensure the completion of all necessary documentation, at the time of deposit of Bullion by the Depositor.
- 21.9. At the time of deposit of the Bullion, the Vault Manager shall ensure that the physical Bullion meets the technical specifications as may be specified by the Bullion Exchange and the Authority from time to time. In case of any dispute with respect to the technical specifications specified by the Bullion Exchange, the Vault Manager shall get the physical Bullion assayed by an assayer recognized and approved by IIDIL. Further, if the Vault Manager is of the opinion that the physical Bullion does not conform to any of the technical specifications specified by the Bullion Exchange pursuant to Applicable Laws, the Vault Manager may request IIDIL to appoint an independent inspectors/assayer to examine such physical Bullion and express an opinion as to whether the physical Bullion is acceptable for good delivery purposes.
- 21.10. IIDIL may from time to time frame rules/ norms/ criteria for registration/ recognition of assayers.
- 21.11. The Vault Manager shall ensure that the Bullion deposited into the Vault meets the good delivery standard, as may be specified by the Bullion Exchange/ Authority.
- 21.12. On the receipt of a request for extinguishment of Bullion Depository Receipt from a Beneficial Owner for the withdrawal of Bullion, IIDIL shall grant an approval and intimate the same to the concerned Vault Manager. On receipt of aforementioned approval, the Vault Manager shall deliver the Bullion represented by such Bullion Depository Receipt to the Beneficial Owner, subject to the Beneficial Owner producing such documents as may be required and acknowledging in writing the receipt of the Bullion.
- 21.13. If a Vault Manager refuses or fails to deliver the Bullion in compliance with the provisions of the Bullion Exchange Regulations and / or Bye Laws and /or Bullion Operating Instructions, the burden of proof shall lie on the Vault Manager to establish the existence of a lawful excuse for the refusal or failure.
- 21.14. On the withdrawal of Bullion from the Vault, the Vault Manager shall intimate the same to IIDIL.
- 21.15. When an extinguishment request has been issued in respect of any Bullion Depository Receipt, the Vault Manager shall not deliver the Bullion to the Beneficial Owner of Bullion Depository Receipt until the due charges are paid and necessary documents have been submitted to the Vault Manager.
- 21.16. The authorized personnel of IIDIL shall have an access (physical or electronic) to premises, facilities, data systems, data storage sites and any other facilities related to the electronic data communication network connecting the bullion depository with the Vault Manager to reconcile the Bullion Depository Receipts issued with the physical Bullion on the given day.

- 21.17. Vault Manager to clearly demarcate the storage area meant for vaulting services for Bullion in respect of which the Bullion Depository Receipt is issued. The physical storage for Bullion Depository Receipt shall be separate from that of the vaulting services provided for other activities.
- 21.18. IIDIL to make adequate arrangements including insurance for indemnifying the Beneficial Owners for any loss that may be caused to such Beneficial Owners by the wrong fact, negligence or default of IIDIL or its agents or of any of its employees or Vault Manager.
- 21.19. IIDIL may issue Standard Operating Procedures (SOPs) for the Vault Managers from time to time, which may include:
- 21.19.1. Procedure for empanelment of Vault.
  - 21.19.2. Procedure for deposit and delivery of physical Bullion;
  - 21.19.3. Procedure for assaying of physical Bullion to be deposited as per standards specified by the Authority;
  - 21.19.4. Procedure for verification of quality of physical Bullion and communication to Depositor;
  - 21.19.5. Procedure for maintaining details of persons who may act as authorised representatives of the Vault Manager for processing Bullion Depository Receipt;
  - 21.19.6. Procedure for ensuring the safety of the physical Bullion from fire, theft, burglary, etc.;
  - 21.19.7. Procedure for storage of physical Bullion, including any embedded tracking mechanism for physical Bullion, as may be specified by the Authority;
  - 21.19.8. Procedure for clear identification of stored physical Bullion up to the lowest common factor (for example, lot size);
  - 21.19.9. Procedure for determining losses caused due to fire, flood, earthquake, burglary, misappropriation, fraud, negligence, terrorism, and force majeure events;
  - 21.19.10. Procedure for internal verification of stock;
  - 21.19.11. Procedure for grievance redressal;
  - 21.19.12. Roles and responsibilities of employees (including outsourced employees);
  - 21.19.13. Procedure for the annual audit of the Vault Manager through the external auditor;
  - 21.19.14. Any other condition as may be prescribed by the Authority from time to time.
- 21.20. IIDIL may from time to time prescribe guidelines to Vault Manager with respect to the maintenance, preservation and retrieval of data/records/books of accounts including for:
- 21.20.1. Vault security and access control systems;
  - 21.20.2. Systems for tracking commodities;
  - 21.20.3. Risk control and operations manuals (enclose copies);
  - 21.20.4. Independent internal control mechanisms for monitoring, evaluation and review of accounting safekeeping and reporting systems and procedures;
  - 21.20.5. Any other matter as may be specified by the Authority or as may be deemed relevant by IIDIL.
- 21.21. IIDIL and Vault Manager to maintain an integrated data base of the refiners whose Bullion shall be acceptable towards trading on the Bullion Exchange, in the manner as specified by the Authority from time to time.
- 21.22. The Vault Manager shall be responsible for establishing supply chain integrity by verifying the details of the refiner with the system-based electronic database provided by IIDIL of refiners accredited to the good delivery standards, as prescribed by the Bullion Exchange.
- 21.23. IIDIL shall, on a fortnightly basis, check the physical bars deposited in the Vault with the details provided during the creation of Bullion Depository Receipt by the Vault Manager. In addition, IIDIL may conduct surprise inspection of the Vault as and when it may deem fit, with or without notice, and the Vault Manager shall be bound to provide such inspection and cooperate towards the same. The report of any such inspection shall be submitted to IFSCA. Further, IIDIL may also conduct an annual inspection of the Vault either by itself or an external agency as may be identified by IIDIL from time to time. The reports of such inspection shall be forwarded to IFSCA in terms of Applicable Law or as and when directed by IFSCA.



## CHAPTER 22 : ISSUANCE, MODIFICATION, TRANSFERABILITY AND CANCELATION OF BULLION DEPOSITORY RECEIPTS AND MODIFICATION THEREOF

- 22.1. The issuance, transferability and cancellation of the Bullion Depository Receipts shall be subject to and in accordance with the provisions of the Bullion Exchange Regulations.
- 22.2. IIDIL shall meet such specified requirements and follow the procedure for issuance of Bullion Depository Receipts as may be specified by the Authority.
- 22.3. Without prejudice to the generality of the foregoing, IIDIL shall follow the following procedural framework in relation to Bullion Depository Receipts:
  - 22.3.1. The Beneficial Owner of the Bullion shall intimate the Bullion Depository and the Vault Manager about the allocation of the Bullion that the Vault holds on its behalf towards the creation of Bullion Depository Receipt.
  - 22.3.2. The Vault Manager shall intimate acceptance of the physical Bullion to the supplier, subject to adherence to the good delivery standards prescribed by the Bullion Exchange.
  - 22.3.3. The Vault Manager shall confirm the receipt of physical Bullion from the supplier and electronically provide details of the said Bullion to IIDIL.
  - 22.3.4. The Vault Manager shall provide the following details of the Bullion being held in its Vault to initiate the process of creation of Bullion Depository Receipts in electronic form, to IIDIL, namely
    - 22.3.4.1. Name & address of the Beneficial Owner.
    - 22.3.4.2. Details of the Vault Manager.
    - 22.3.4.3. Details of the refiner whose markings are engraved on the physical bars.
    - 22.3.4.4. The serial numbers provided by the refiner and engraved on the physical bars.
    - 22.3.4.5. The purity of the bar in parts per 1000 viz. 995/1000, 999/1000, 999.9/1000 etc.
    - 22.3.4.6. Weight of the physical bar denominated in grams, kilograms or ounces, as the case may be.
  - 22.3.5. Subject to the above conditions being fulfilled, IIDIL may issue a Bullion Depository Receipt in electronic form with underlying Bullion, bearing a unique identifier.
  - 22.3.6. The Bullion Depository Receipts shall be created within 2 (two) hours of confirmation of allocation of bars towards trading by the initial Beneficial Owner of the bars to IIDIL, or within such other time as may be prescribed by the Authority from time to time.
- 22.4. The Bullion Depository Receipts issued on IIDIL shall be notified by IIDIL to the concerned Clients through electronic means, mobile applications, or other means as may be specified by the Authority or IIDIL from time to time.
- 22.5. The Bullion Depository Receipts shall be issued by IIDIL through the Bullion Depository System in the manner and mode as prescribed by the Authority from time to time.
- 22.6. The Vault Manager shall not be entitled to make any change in the information contained in a Bullion Depository Receipt.
- 22.7. The modification to the Bullion Depository Receipt as necessitated shall be carried out by IIDIL in the following manner but not limited to and as may be further prescribed by the Authority and in compliance of the requirements specified by the Authority from time to time by-
  - 22.7.1. Cancelling the existing Bullion Depository Receipt; and Issuing a new Bullion Depository Receipt with the correct information; or
  - 22.7.2. Making modifications in the Bullion Depository Receipt to reflect correct information.
- 22.8. It shall be the responsibility of IIDIL and Vault Manager to notify the Client in whose favor the Bullion Depository Receipt is issued of any such action as may be initiated under the Bye law above.
- 22.9. IIDIL in consultation with the Bullion Exchange, shall devise a mechanism to track and trace the Beneficial Owner of each Bullion Depository Receipt.
- 22.10. Extinguishment of Bullion Depository Receipt**
  - 22.10.1. Beneficial Owner intending to obtain physical Bullion against the Bullion Depository Receipt shall be required to surrender the Bullion Depository Receipt.
  - 22.10.2. IIDIL on receipt of the request for surrender of Bullion Depository Receipt and re-materialisation from the Beneficial Owner, shall extinguish the Bullion Depository Receipt.
  - 22.10.3. The information of the extinguished Bullion Depository Receipt shall be relayed through the integrated system to the Vault Managers post which, the delivery of physical Bullion shall be made to the Beneficial Owner of the extinguished Bullion Depository Receipt.

- 22.10.4. With respect to the extinguished Bullion Depository Receipts, the audit trail shall be maintained by IIDIL for 10 (ten) years or for such other time as may be prescribed by IFSCA from time to time.
- 22.10.5. IIDIL and Vault Manager shall reconcile the information with respect to the list of active Bullion Depository Receipts at all points of time.
- 22.10.6. If there are any reconciliation issues, the same shall be reported forthwith to the Authority, Bullion Exchange and Bullion Clearing Corporation and fresh deposits / withdrawal shall be temporarily stopped till the investigation is completed.
- 22.10.7. After the investigation is complete, deposit and withdrawal shall be resumed only with the approval of the Authority.
- 22.10.8. In case of any disputes related to quality of physical Bullion, during the process of withdrawal, the same would be dealt with by obtaining a quality report from an independent assayer recognized by IIDIL.

## **CHAPTER 23 : ELECTRONIC CREDIT AND DEBIT IN THE ACCOUNTS OF CLIENTS**

- 23.1. Debit or credit into the Demat Account of the Client shall happen on account of deposit of Bullion or withdrawal of Bullion from the Vault or on account of transfer/transmission of Bullion Depository Receipts from one Demat Account to another held with IIDIL in the manner prescribed under the Bye Laws and/or Bullion Operating Instructions.
- 23.2. IIDIL shall issue the statement of holdings of Electronic Balances within such time as may be specified by the Authority from time to time.
- 23.3. The Electronic Balances in the statement of holdings represent the electronic balance of Bullion Depository Receipts and the Client shall have the right to the Bullion underlying the Bullion Depository Receipts.
- 23.4. The Electronic Balances in the statement of holdings shall be authentic proof of existence of such Bullion Depository Receipts and the record of Bullion Depository Receipts held in IIDIL and the corresponding Bullion stored and held by the Vault Manager.
- 23.5. Prior to depositing the Bullion in the approved Vault, it shall be obligatory for the Client to open a Demat Account with IIDIL in the mode and manner as prescribed by IIDIL from time to time. A unique Beneficial Owner Identification Number will be created for every Client.
- 23.6. After deposit of physical Bullion into the Vault by complying with the process including assaying as may be prescribed, the Vault Manager shall enter all such information as is necessary for the issuance of Bullion Depository Receipt and as may be prescribed under these Bye Laws and by the Relevant Authority from time to time and generate a unique lot ID against the respective Beneficial Owner Identification Number of the Client. The Bullion Depository Receipts shall be generated in the Bullion Depository System by IIDIL in accordance with the Applicable Laws and the Demat Account of the Client shall be credited for deposit of Bullion made by such Client.
- 23.7. IIDIL will by electronic means intimate, as and when the transactions are executed, all details of debits and credits to the concerned Client and Vault Manager.

## **CHAPTER 24 : SUSPENSION OF OPERATION OF DEMAT ACCOUNT AND/OR A BULLION DEPOSITORY RECEIPT**

- 24.1. Every Client having a Demat Account shall have the right to suspend the operations in his account either for debits or for credits or for both so as to render it inoperable. IIDIL shall suspend the operations of such account of a Client maintained with it on written instructions received by it in that regard from the Client in the manner and form prescribed under Bye Laws and/or Bullion Operating Instructions.
- 24.2. The Client may request to suspend:
  - 24.2.1. Its account maintained with IIDIL; or
  - 24.2.2. A particular Bullion Depository Receipt in its account; or
  - 24.2.3. Bullion represented through International Securities Identification Number (ISIN) or such as identification number represented through and held under the Bullion Depository Receipt in its Demat Account, by giving such appropriate instruction to IIDIL as the case may be, in the form and manner as may be prescribed by IIDIL from time to time.

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- 24.3. IIDIL will suspend the operation of a Demat Account on the basis of instructions / orders received by IIDIL from the Central or State Government, IFSCA or any order passed by a Tribunal or court or any other quasi-judicial authority having the powers to pass such orders.
- 24.4. IIDIL, on the basis of the request received from the Client or pursuant to the orders received from the Central or State Government, IFSCA or any order passed by a court, tribunal or any other statutory authority, shall suspend/ freeze the operation of the Demat Account and/or the Bullion Depository Receipt and/or Bullion represented by unique identification number as assigned to it in the Bullion Depository Receipt and as represented in the said Demat Account of the Client.

Provided however that any order of a Court, Tribunal, Government or other competent authority relating to suspension of a Demat Account or taking any action in relation to a Demat Account which is within the purview of obligations cast on IIDIL under the Bullion Exchange Regulations, shall be effected by IIDIL only on receipt from such authority, the Demat Account Identification Number or Permanent Account Number (PAN) or Aadhar coupled with specific directions if the same are not set out in such order with sufficient accuracy.

- 24.5. IIDIL shall, on its own, suspend the operation of its Clients and/ or IIDIL and/or Bullion identified by such identification number to the extent of the Bullion Depository Receipts held in the Client's name under the following circumstances:-
- 24.5.1. On the basis of the orders received from the Central or State Government or IFSCA or any court or tribunal or any other statutory authority in this regard; or
- 24.5.2. On the basis of the orders passed by the Disciplinary Action Committee as set out in the Bye Laws; or
- 24.5.3. IIDIL has been adjudged insolvent, bankrupt or in case IIDIL is being wound up; or
- 24.5.4. Such other reasons / cause as may be notified by IIDIL from time to time
- 24.6. An account so suspended shall be activated only on instructions in writing from the Client, where it has been suspended at the instance of a Client, or pursuant to the passing of any order or issuance of instructions for vacating, revoking or setting aside the order of suspension by the court, tribunal or any authority as mentioned hereinabove.

Provided further that on the account being suspended, IIDIL shall not affect any debit entry or any such other transaction unless the instructions or order for suspension of the account has been withdrawn, revoked, vacated, set aside or modified as aforesaid. However, IIDIL shall be entitled to credit the benefits to a frozen account unless specifically prohibited by the Client or by orders of attachment/seizure/freezing of the account.

#### CHAPTER 25 : TRANSFER OF BALANCES

- 25.1. IIDIL shall not execute any debit or credit in the account of the Client without authorization from such Client or his assent, or unless otherwise provided in the Bye Laws and / or Bullion Operating Instructions and/or as may be required under the Applicable Laws.
- 25.2. The mode and the form of authorization shall be as specified in the Bye Laws and/or Bullion Operating Instructions or as may be directed by IIDIL from time to time.

#### CHAPTER 26 : TRANSMISSION OF THE BULLION DEPOSITORY RECEIPT

- 26.1. In the event of the death of a Client holding a Demat Account, the Bullion Depository Receipts of such account shall be determined in accordance with law in favor of the legal heirs of the deceased against production of the necessary documents such as Probate, Will, Letters of Administration or Succession Certificate, as may be applicable.
- 26.2. IIDIL shall be entitled to require the person or persons in whose favor the Bullion Depository Receipts are to be transmitted as aforesaid to open a Demat Account by following the procedure prescribed by the Relevant Authority.
- 26.3. In case the Client is declared as lunatic or adjudicated insolvent or otherwise incapable to operate his Demat Account, IIDIL shall, on production of the certified copy of the order passed by the competent court, may either transmit the Bullion Depository Receipts lying in such account to any other account or otherwise as may be ordered.
- 26.4. In the event of winding up of the Client being a body corporate, by an order of the Court, the Bullion Depository Receipts shall be transmitted to such Demat Account as may be directed in the Court order to that effect. However, if a Client being a body corporate undergoes a voluntary winding up (not subject to supervision of the Tribunal) or merger or has been acquired by another entity, the Bullion Depository Receipts shall be transmitted to such Demat Account as provided in the resolution passed for such voluntary winding up or merger or acquisition as applicable based on the order of a competent court or authority as the case may be.

**CHAPTER 27 : PLEDGE**

- 27.1. The Client shall be required to open and maintain a Demat Account, if the Client intends to create a pledge on Bullion deposited in the Vault.
- 27.2. IIDIL shall mark in its records a pledge on the Bullion Depository Receipt in favor of the Pledgee upon being instructed to do so by both the Client (pledger) and the Pledgee.
- 27.3. For the purpose of creation of the Pledge on a Bullion Depository Receipt, the pledger and the Pledgee shall provide such information in such forms as may be prescribed in the ByeLaws and/or Bullion Operating Instructions, by IIDIL from time to time.
- 27.4. Any Client holding a Bullion Depository Receipt in the Demat Account shall be entitled to get the Pledge created against the Bullion represented in such Bullion Depository Receipt in the manner and mode as may be prescribed by IIDIL in the Bye Laws and/or Bullion Operating Instructions, from time to time.
- 27.5. IIDIL on receipt of the application in the manner as prescribed and after satisfaction that the Bullion is available for pledge, shall create and record the pledge within such time and in such manner as may be prescribed by IIDIL from time to time.
- 27.6. The Pledgee shall have a lien on the Bullion represented through the Bullion Depository Receipt for the duration of the pledge and the Vault Manager shall not be entitled to release the Bullion from the Vault if a pledge exists on the Bullion Depository Receipt issued against the same.
- 27.7. The Pledgee shall initiate the removal of lien in the manner and mode prescribed by IIDIL in the ByeLaws and/or Bullion Operating Instructions, from time to time.
- 27.8. Once the Pledge is invoked, the Pledgee shall register itself as Client of such Electronic Balances and shall amend its records accordingly. The change in the record of IIDIL shall be binding on original Client, Pledgee and the Vault Manager.
- 27.9. The mode and manner of creation, invocation, cancellation and/or revocation of the Pledge shall apart from those as specified under these ByeLaws shall also be as prescribed and specified by the Authority or IIDIL in the Bye Laws and/or Bullion Operating Instructions, from time to time.
- 27.10. If IIDIL does not create the pledge within such period as may be required in terms of these ByeLaws or Bullion Operating Instructions or any directive of IIDIL within such time as may be prescribed, IIDIL shall send along with the reasons, an intimation of such non creation of Pledge to the pledger and the Pledgee.
- 27.11. The pledger or Pledgee may request cancellation of the entry of pledge made, in the manner as may be prescribed by IIDIL in the Bye Laws and/or Bullion Operating Instructions , from time to time.
- 27.12. IIDIL shall not refuse the request to create a pledge in respect of Electronic Balances available for pledge unless operations in respect of those Electronic Balances are restrained or frozen by virtue of any order or direction of any court, tribunal, Central Government, IFSCA or other competent authority or by IIDIL itself and if IIDIL does not create such pledge within the prescribed time, it shall intimate the concerned Client and Pledgee of its decisions setting out the reasons for such refusal.
- 27.13. The Pledgee may invoke the pledge made, subject to the provisions of the pledge document and as may be prescribed by IIDIL in terms of its Bye Laws and/or Bullion Operating Instructions.

**CHAPTER 28 : ACCESS TO BULLION DEPOSITORY SYSTEM BY  
NON SPECIFIED CLIENTS**

- 28.1. IIDIL may grant access to any other person not specifically covered in the definition of Clients and who may be required to be granted access to the Bullion Depository System.
- 28.2. The grant of such access as required as per the Bye Law above shall be subject to the norms and procedures as may be prescribed by IIDIL with specific approval of the Authority, for each of such Client from time to time and subject to such approvals by such Clients from regulatory authorities, if any, as may be required.

**CHAPTER 29 : RECONCILIATION, ACCOUNTS AND AUDIT****29.1. Reconciliation**

- 29.1.1. IIDIL shall ensure that it has in place at all times such systems and procedures for the reconciliation of records as per Applicable Laws.
- 29.1.2. A Vault Manager shall be responsible for reconciling the physical stock of the Bullion in its custody with Bullion Depository Receipts and such reconciliation shall be undertaken on a daily basis, or at such frequency and in such manner as the Authority or IIDIL may specify from time to time.

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- 29.1.3. IIDIL shall provide the information necessary to Vault Managers to perform such reconciliation in such format and on such terms and conditions as the Authority or IIDIL may prescribe from time to time.
- 29.1.4. The Vault Manager shall submit a reconciliation report to the Authority and IIDIL after every reconciliation in the format and manner specified by the Authority or IIDIL.
- 29.1.5. The Relevant Authority may from time to time specify requirements that IIDIL will have to meet in order to comply with reconciliation.
- 29.1.6. If there is failure of the reconciliation as specified above, IIDIL may bring the status to the notice of the Authority and follow instructions thereon.
- 29.1.7. However, in the event of any differences arising out of reconciliation, the records of IIDIL shall be considered as final or as may be determined by IFSCA.

#### 29.2. Accounting, Internal Control, Reports and Returns

- 29.2.1. IIDIL shall prepare audited financial statements including the Directors' Report and Auditor's Report, at the end of each financial year within such time as may be prescribed under Applicable Laws.
- 29.2.2. Proper accounts shall be maintained by IIDIL and the Vault Managers in respect of the operations of IIDIL in accordance with the software provided by IIDIL.
- 29.2.3. IIDIL to maintain such records as may be required under Applicable Laws, which may include the following records and documents, namely:
  - 29.2.3.1. Records of all the transactions entered into with a Client;
  - 29.2.3.2. Details of Bullion Depository Receipts issued and the acknowledgment issued;
  - 29.2.3.3. Records of instructions received from Clients and statements of account provided to Clients; and
  - 29.2.3.4. Records of creation, approval, notice, entry, invocation and cancellation of pledge, as the case may be.
- 29.2.4. Subject to the provisions of any other law and unless specifically instructed by IFSCA, IIDIL will preserve records and documents electronic or otherwise, for a minimum period of 20 (twenty) years.  
Provided that IIDIL may preserve and maintain the documents, both in physical and electronic form, copies of which have been taken by Central Bureau of Investigation, Police or any other enforcement agency during course of any investigation or enquiry conducted by them till the trial is completed.

### CHAPTER 30 : MANNER OF KEEPING INFORMATION AND RECORDS

- 30.1. IIDIL shall ensure that:
  - 30.1.1. A timely and accurate record of information and records is maintained;
  - 30.1.2. The integrity of the systems is maintained at all times;
  - 30.1.3. The information and records are not destroyed or tampered with;
  - 30.1.4. The information and records are not lost even in the event of a disaster.
- 30.2. IIDIL shall annually report to the Authority the steps and precautions taken under sub-clause 30.1 of this Chapter, as maybe required under the provisions of the Applicable Laws including Bullion Exchange Regulations, IFSCA Act, rules, regulations made thereunder and any other applicable laws.
- 30.3. If the Authority issues any direction to IIDIL, IIDIL shall comply with such direction at its own cost, and as per the time period specified in the direction.

### CHAPTER 31 : PRESERVATION OF CONFIDENTIALITY

- 31.1. IIDIL shall provide access only on a need to know basis.
- 31.2. Access to information about Bullion Depository Receipts shall be provided to the Clients to whom such Bullion Depository Receipts belong to, to the Vault Manager with whom the Client has the physical deposit of Bullion and to the Pledgee with whom the Client intends to create a pledge.
- 31.3. IIDIL shall not allow access to information about Bullion Depository Receipts to any person other than a Client, Pledgee or Vault Manager without the permission of the Client, subject to other requirements set out in these Bye Laws.
- 31.4. IIDIL shall not share, without the prior permission of the Authority, any information received or acquired by it during the course of its working, except as required by the due process of law.



- 31.5. IIDIL shall, upon demand from the Authority, furnish information regarding data access, including a log identifying each staff member accessing the data, the time of access, the nature of data accessed and the purpose.
- 31.6. IIDIL shall create rights of access for different kinds of Clients, and provide access to them as per such Client rights.
- 31.7. The Authority may from time to time specify additional requirements that IIDIL shall have to comply with and it shall become mandatory for IIDIL to comply with it.

### **CHAPTER 32 : OBLIGATIONS OF IIDIL ON OUTSOURCING**

- 32.1. IIDIL shall not assign or outsource any of its Services / core functions without the prior approval of the Authority.
- 32.2. Even if the Services are outsourced after getting the approval of the Authority, IIDIL shall be responsible for all the acts of the outsourced entity and for compliance with the provisions of the provisions of the Applicable Laws including Bullion Exchange Regulations, IFSCA Act, rules, regulations made thereunder and any other applicable laws.
- 32.3. IIDIL shall take the following due care while assigning or outsourcing its Services:
  - 32.3.1. That the outsourcing of any function or activity is in accordance with the internal policies and procedures of IIDIL;
  - 32.3.2. That there is no conflict of interest that may impair the ability of the outsourced entity to deliver to the required standard;
  - 32.3.3. That a detailed review is performed of the ability of the potential outsourced entity to deliver the required functions satisfactorily;
  - 32.3.4. That IIDIL has entered into a written agreement with the outsourced entity clearly setting out their respective rights and obligations;
  - 32.3.5. That the outsourcing does not impair the quality of the systems of governance of IIDIL;
  - 32.3.6. That the outsourcing does not impede the ability of the Authority to monitor the functioning of IIDIL;
  - 32.3.7. That the outsourced entity maintains confidentiality of the data shared with or generated by it while performing the outsourced functions or activity in the same manner and to the same extent as IIDIL would have maintained;
  - 32.3.8. That the outsourcing does not cause an excessive increase in the risk to IIDIL and the system for creation and management of Bullion Depository Receipts; and
  - 32.3.9. The outsourced entity is required to disclose any development to IIDIL that may have a material impact on its ability to carry out the outsourced functions.

### **CHAPTER 33 : LIMITATION OF LIABILITY**

- 33.1. No claim whatsoever shall lie against IIDIL on account of quality and quantity of Bullion deposited by a Client of IIDIL in any Vault for which a Bullion Depository Receipt is issued.
- 33.2. The Depositor or the Client and the Vault Manager shall be solely responsible for complying with the applicable laws and regulations laid down by relevant governmental authorities as also other State/Central laws and authorities issuing such regulations in this behalf from time to time, including but not limited to good delivery standard, tax, stamp duty, etc. IIDIL shall not be responsible or liable on account of any non-compliance thereof by a Depositor or a Client.
- 33.3. The Bullion Depository Receipt issued through the Bullion Depository System is limited to recording of parameters which are necessary for generation of Bullion Depository Receipt by a Vault Manager and IIDIL shall not be held responsible or liable for parameters not mentioned in the Bullion Depository Receipts.
- 33.4. All claims relating to quality and quantity arising out of the deposit and/or delivery of Bullion, underlying a Bullion Depository Receipt, by a Vault Manager, shall be settled between the Depositor/Client and the Vault Manager only and IIDIL shall not be party to any such a dispute.

**PART D : OTHER**

**CHAPTER 34 : DISCIPLINARY ACTION**

The violations of any of the provisions of the Bye Laws, by the Participant shall attract the disciplinary jurisdiction.

**34.1. Disciplinary Action Committee**

- 34.1.1. A Disciplinary Action Committee may be appointed by the Board of Directors to deal with any disciplinary matters relating to the Participants.
- 34.1.2. The maximum strength of the Disciplinary Action Committee shall be such as determined by the Board from time to time.
- 34.1.3. The Disciplinary Action Committee appointed by the Board of Directors shall consist of such number of directors and members as may be determined by the Board from time to time.
- 34.1.4. The decision of the Board shall, subject to the directions of the Authority, be final and binding with respect to the appointment of the Disciplinary Action Committee.

**34.2. Powers of the Disciplinary Action Committee**

- 34.2.1. The Disciplinary Action Committee shall have such responsibilities and powers as may be delegated to it by the Board, from time to time, which may inter-alia include the following responsibilities and powers to be discharged in accordance with the provisions of these Bye Laws:
  - 34.2.1.1. Suspension of a Participant with or without fine;
  - 34.2.1.2. Expulsion of a Participant with or without fine;
  - 34.2.1.3. Request the Authority to declare a Vault as 'ineligible' for generation of Bullion Depository Receipt on IIDIL;
  - 34.2.1.4. Freezing the account of the Participant;
  - 34.2.1.5. Power to conduct inspection
  - 34.2.1.6. Power to conduct an investigation/inquiry;
  - 34.2.1.7. Power to call for records, issue show cause notice to participants for suspension / expulsion;
  - 34.2.1.8. To declare any Security admitted into IIDIL as ineligible;
  - 34.2.1.9. To take action against Clearing Corporation or Clearing Members.

**34.3. Participant's/ Responsibility for Partners, Agents and Employees**

- 34.3.1. A Participant shall be fully responsible for all the acts omissions and commissions of its directors, authorized officials, authorized representatives and employees and IIDIL shall assume that all such acts, omissions and commissions were done by the Participant itself and would be subjected to any of the penalties to the same extent as provided in the Bye Laws of IIDIL.

**34.4. Suspension of a Participant/**

- 34.4.1. The Disciplinary Action Committee shall require a Participant to suspend its business when it fails to meet the continuing requirements of fulfilling the criteria of admission as provided in these Bye Laws and the suspension of business shall continue until the Participant furnishes satisfactory evidence of meeting the requirements.
- 34.4.2. The Disciplinary Action Committee may require a Participant to suspend its business, in part or whole, inter alia where:
  - 34.4.2.1. In the opinion of the Disciplinary Action Committee, the Participant's financial condition is such that it has gone below the net worth norms or the Participant fails to maintain it as specified in the Bullion Operating Instructions and / or Bye-Laws of IIDIL;
  - 34.4.2.2. The Participant violates the provisions of the Act, the Regulations, these Bye Laws and/or Bullion Operating Instructions;
  - 34.4.2.3. The Participant does not comply with the instructions of the Beneficial Owner/ Client;
  - 34.4.2.4. A material change has taken place in the management, constitution or control of the Participant's legal entity, whether by way of alteration in its Board of Directors, or the composition of its partners or the shareholding pattern thereof or there is a change in the nature of the legal entity, and such change violates the provision of the Bye Laws and the guidelines or regulations as notified by the Authority.

**34.5. Expulsion of a Participant**

- 34.5.1. The Disciplinary Action Committee may expel a Participant from IIDIL under the following circumstances:
- 34.5.1.1. In case the Participant commits repeated breach of the provisions of the Bye Laws and /or Bullion Operating Instructions, in spite of repeated reminders from IIDIL in this regard;
  - 34.5.1.2. In case the Participant exposes itself to risks which in the opinion of the Disciplinary Action Committee is not commensurate with Participant's net worth;
  - 34.5.1.3. If the quality of services rendered by the Participant is not satisfactory in the opinion of the Disciplinary Action Committee as evidenced by the complaints of its Client(s)/ Beneficial Owner;
  - 34.5.1.4. If the Participant carries on the activities in a manner which is detrimental to the interests of the stakeholders of IIDIL system and continued existence of IIDIL as well as the interests of the Beneficial Owners/ Clients in general;
  - 34.5.1.5. The Participant ceases to carry on the business as Participant, as the case maybe.

**34.6. Revocation of Suspension**

- 34.6.1. The suspension of business under the Bye Laws as stated above shall continue until the Participant has been allowed by the Disciplinary Action Committee to resume business on its paying such deposit or furnishing such security or on its doing such act or providing such evidence as the Disciplinary Action Committee may require.

**34.7. Procedure for Expulsion/Suspension or other Disciplinary Action**

- 34.7.1. A Participant shall appear and testify before and cause its directors, partners, authorized representatives and employees to appear before the Disciplinary Action Committee or before such other Committee(s) or such members of Disciplinary Action Committee authorized in this behalf by Disciplinary Action Committee, officer(s) of IIDIL authorized in that behalf by the Disciplinary Action Committee and shall produce before the Disciplinary Action Committee or Committee(s) or officer of IIDIL authorized in that behalf, such books, correspondence, documents, papers and records or any part thereof which may be in its possession, power or control and which may be deemed relevant or material to any matter under inquiry or investigation.
- 34.7.2. The Disciplinary Action Committee shall issue show cause notice to the concerned Participant who shall be required to reply within such time as may be specified in the show cause notice or within such extended time as may be granted by the Disciplinary Action Committee on an application made to it.
- 34.7.3. The concerned Participant shall be entitled to a personal hearing. The Participant may appear itself or through a professional counsel, attorney, advocate or other representative at any hearing given by the Disciplinary Action Committee with the prior consent of the Disciplinary Action Committee..
- 34.7.4. The Disciplinary Action Committee shall after taking into account the pleadings written and oral explanation and arguments, shall pass a reasoned order. The Disciplinary Action Committee shall send a copy of its final order to Participant, Board of IIDIL and IFSCA.
- 34.7.5. The Participant shall have the right to appeal to Board of IIDIL against final order of Disciplinary Action Committee.

**34.8. Imposition of Penalties**

- 34.8.1. The Disciplinary Action Committee may pass an order censuring/suspending/expelling a Participant for such period or on such terms and conditions as the Disciplinary Action Committee deems fit including but not limited to imposing monetary penalties as may be applicable for each of the violations under the Bye Laws and /or Bullion Operating Instructions made thereunder.

**34.9. Consequence of Suspension**

- 34.9.1. The suspension of a Participant shall have the following consequences namely:
- 34.9.1.1. Suspension of Participant rights: The suspended Participant shall during the term of its suspension be prohibited and excluded from all the rights and privileges of a Participant on IIDIL;
  - 34.9.1.2. Rights of Clients unimpaired: The suspension shall not affect the rights of the Clients of the suspended Participant;
  - 34.9.1.3. Rights of creditors unimpaired: The suspension shall not affect the rights of the creditors of the suspended Participant including creditors which are other Participants;

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- 34.9.1.4. Rights of Pledgees unimpaired: The suspension shall not affect the rights of any Pledgee in respect of security or Bullion of any Beneficial Owner/ Client who holds an account with the suspended Participant;
- 34.9.1.5. Fulfillment of obligations: The suspended Participant shall be bound to fulfill obligations outstanding at the time of its suspension as directed by Disciplinary Action Committee. IIDIL shall have the power to fulfill all obligations towards the Beneficial Owner/ Clients of the suspended Participant outstanding at the time of suspension of such Participant;
- 34.9.1.6. Further business prohibited: The suspended Participant shall not during the term of its suspension transact any depository business, with or through another Participant;
- 34.9.1.7. Participant not to deal: No Participant shall transact business for or with the suspended Participant during the term of its suspension except with the previous permission of the Disciplinary Action Committee.
- 34.9.2. In case of suspension of a Participant, the Beneficial Owner/ Client shall have the option of either getting the Securities held with the Participant transferred to another Participant within IIDIL or to a Participant with the other depository or getting the securities rematerialized.

#### 34.10. Consequences of Expulsion

- 34.10.1. The expulsion of a Participant shall have the following consequences, namely:
  - 34.10.1.1. Participant's rights forfeited: The expelled Participant's rights as a Participant shall stand forfeited and all rights and privileges as a Participant shall automatically cease to exist. However, any liability of any such Participant to IIDIL or to any other Participant of IIDIL or to any of its Beneficial Owners/ Clients shall continue and remain unaffected by its expulsion;
  - 34.10.1.2. Office vacated: The expulsion shall create a vacancy in any office or position held by the expelled Participant in IIDIL;
  - 34.10.1.3. Rights of Beneficial Owners/ Clients unimpaired: The expulsion shall not affect the rights of the Beneficial Owners/ Clients who are Beneficial Owners/ Clients of the expelled Participant;
  - 34.10.1.4. Rights of Creditors unimpaired: The expulsion shall not affect the rights of the creditors of the expelled Participant including creditors which are other Participant;
  - 34.10.1.5. Fulfillment of obligations: The expelled Participant shall be bound to fulfill transactions outstanding at the time of its expulsion and it may with the permission of the Disciplinary Action Committee close such outstanding transactions with or through another Participant. IIDIL shall have the power to fulfill all obligations towards the Beneficial Owners/ Clients of the expelled Participant outstanding at the time of expulsion of such Participant;
  - 34.10.1.6. Participants not to deal: No Participant shall transact business for or with expelled Participant except with the previous permission of the Disciplinary Action Committee.
- 34.10.2. In case of expulsion of Participant, the Client shall have the option of either getting the Securities held with the Participant transferred to another Participant or getting the securities rematerialized..

#### 34.11. Expulsion Rules to Apply

- 34.11.1. When a Participant ceases to carry on business otherwise than on death, the Participant shall be deemed to be expelled and in that event all provisions relating to expulsion contained in these Bye Laws shall apply to such concerned Participant in all respects.

#### 34.12. Notice of Expulsion/Termination/Suspension of Business

- 34.12.1. Notice shall be given to all other Participants through the system of IIDIL of the expulsion, termination or suspension of business in relation to the operations of IIDIL by a Participant or of any other charges, penalties imposed on it, on its partners, authorized representatives or other employees. The Disciplinary Action Committee may, in its absolute discretion and in such manner as it thinks fit, notify or cause to be notified to the Participants of IIDIL and/or to the Clients and to public, that any person who is named in such notification has been expelled, suspended or has suspended its business or ceased to be a Participant. No action or other proceedings shall, in any circumstances, be maintainable by such suspended/ expelled/ ceased Participant against IIDIL or the Disciplinary Action Committee, or any member of the Disciplinary Action Committee or any employee of IIDIL for the publication or circulation of such notification.

**34.13. Procedure for Cancellation of Agreement between Beneficial Owner/ Clients / Participant and IIDIL**

- 34.13.1. The agreement entered into between the Beneficial Owner/ Clients and Participant and IIDIL shall be cancelled under the following cases:-
- 34.13.1.1. on the expulsion of the Participant by the Disciplinary Action Committee; or
  - 34.13.1.2. on the termination of the Participant or its services by IIDIL in accordance with the provisions of these Bye Laws.
- 34.13.2. The cancellation of the agreement shall have effect only when such cancellation has been approved by IIDIL. IIDIL shall give approval for such cancellation only if:
- 34.13.2.1. there exists no suspense balance in the accounts of the Beneficial Owner/ Clients with Participants and the accounts of Participant with IIDIL;
  - 34.13.2.2. the accounts of all the Clients of the Participant have been closed and there exist no balances;
  - 34.13.2.3. the Participant has paid or settled all its outstanding dues to IIDIL;
  - 34.13.2.4. The cancellation of the agreement between the Beneficial Owner and the Participant shall not affect the obligations of the Beneficial Owner/ Client and Participant, and shall survive the cancellation of agreement.
- 34.13.3. Such cancellation of the agreement referred to in Bye Law 34.13.2 above shall not affect any rights or claims arising in respect of transactions effected by the Participant while it was a Participant of IIDIL.

**CHAPTER 35 : APPEALS****35.1. Right of Appeal**

- 35.1.1. Any Participant aggrieved by the order passed by the Disciplinary Action Committee shall have the right of appeal to IIDIL against the said order of the Disciplinary Action Committee.

**35.2. Procedure for Appeal**

- 35.2.1. An appeal may be filed with IIDIL, by a Participant within thirty days of receipt of the order of the Disciplinary Action Committee. The appeal may be filed by filing with the board of Directors a note and memorandum of appeal stating the reasons and grounds of the appeal against the decision/order of the Disciplinary Action Committee and must also state the relief sought, if any.
- 35.2.2. The Board of IIDIL or any Committee of Board of IIDIL authorized in this behalf shall after considering the order of the Disciplinary Action Committee and the appeal filed by the Participant, concur with the order of the Disciplinary Action Committee or stay the operation of any order passed by Disciplinary Action Committee for such period and on such terms and conditions as the Board of IIDIL or Committee of Board of IIDIL, as the case may be, may deem fit.

**35.3. Consideration of Appeal**

- 35.3.1. The appeal will be heard by the Board of IIDIL or Committee appointed by the Board of IIDIL to whom the power of hearing is delegated. At such hearing, the appellant may appear by himself or be represented by advocates, counsels, attorneys and other representatives with the prior permission of the Board of Directors.
- 35.3.2. The time limit for the disposal of an appeal preferred to the Board of IIDIL or Committee appointed by the Board of IIDIL shall be two months from the date of making such appeal or such other extended time as may be decided by the Board of IIDIL.

**35.4. Record**

- 35.4.1. A copy of the record of the Disciplinary Action Committee and the Board of IIDIL, relating to the appeals, shall be furnished to the Authority upon a request being received from it.

**35.5. Third Party Claims**

- 35.5.1. **Manner of Dealing with Third Party Claims:** In the event of any claim made by any person in respect of any Securities held in IIDIL by a Beneficial Owner/ Client being received in writing by the Participant through whom the Securities are held by that Beneficial Owner/ Client, either directly from the claimant or through Participant, the Participant shall forthwith intimate IIDIL and the Beneficial Owner/ Client of such claim.
- Provided however that, IIDIL shall not act on such claim or notice in the absence of an appropriate order or directive of a competent court, tribunal or Authority in respect of such claim.
- Provided further, that IIDIL may, on receipt of such claim or notice, if it so deems fit, require the concerned Beneficial Owner/ Client to execute a suitable indemnity in favor of IIDIL or Participant as the case may be, as a condition to IIDIL permitting the Beneficial Owner/ Client to continue dealing with the Securities in dispute.
- 35.5.2. Where such claim is received by IIDIL directly, IIDIL shall forthwith intimate the Participant of such claim and take all actions as aforesaid.



**CHAPTER 36 : DISCLAIMER AND INDEMNITY****36.1. Disclaimer**

- 36.1.1. Where any loss or damage is caused to or incurred by any party or person on account of any act of commission or omission or default in complying with the provisions of Applicable Laws or these Bye Laws or the Operating Instructions or the agreements executed in pursuance thereof or on account of the negligence or fraud on the part of any Participant, Issuer, RTA, Clearing Member or Clearing Corporation or their employees, servants or agents, in the event of IIDIL making good or being required to make good such loss or damage (or any part thereof) to such party or person, IIDIL shall be entitled to recover the amount so made good by it from the Participant, Issuer, RTA, Clearing Member or Clearing Corporation in default.
- 36.1.2. Where any loss or damage is caused to or incurred by any party or person on account of any act of commission or omission or default in complying with the provisions of Applicable Laws including Bullion Exchange Regulations, IFSCA Act, rules, regulations made thereunder and any other applicable laws or these Bye-Laws and/or the Bullion Operating Instructions or the agreements executed in pursuance thereof or on account of the negligence or fraud on the part of any Client, and in the event of IIDIL making good or being required to make good such losses or damages (or any part thereof) to such party or person, IIDIL shall be entitled to recover the amount so made good by it from the defaulting Client.

**36.2. Indemnity**

- 36.2.1. IIDIL shall indemnify the Beneficial Owners for any loss that may be caused to such Beneficial Owners by the wrongful act, negligence or default of IIDIL or its Participants or of any employee of IIDIL and its participants.
- 36.2.2. Each and every Participant, Issuer, RTA, Clearing Member and Clearing Corporation shall indemnify and keep indemnified and saved harmless IIDIL and every other Participant, Issuer, RTA, Clearing Member and Clearing Corporation from and against all harm, loss, damage, injury and penalty suffered or incurred and all costs, charges, and expenses incurred in instituting and/or carrying on and/or defending any suits, action, litigation, arbitration, disciplinary action, prosecution or any other legal proceedings suffered or incurred by any Participant, Issuer, RTA, Clearing Member and Clearing Corporation on account of or as a result of any act of commission or omission or default in complying with the provisions of the Applicable Laws or these Bye Laws or the Operating Instructions or the agreements executed in pursuance thereof or on account of the negligence on the part of that Participant, Issuer, RTA, Clearing Member and Clearing Corporation, its employees, servants or agents.
- 36.2.3. Each and every Client shall indemnify and keep indemnified, saved and harmless IIDIL and every other Client from and against all harm, loss, damage, injury and penalty suffered or incurred and all costs, charges, and expenses incurred in instituting and/or carrying on and/or defending any suits, action, litigation, arbitration, disciplinary action, prosecution or any other legal proceedings suffered or incurred by IIDIL or any Client on account of or as a result of any act of commission or omission or default in complying with the provisions of Applicable Laws including Bullion Exchange Regulations, IFSCA Act, rules, regulations made thereunder and any other applicable laws or these ByeLaws and/or the Bullion Operating Instructions or the agreements executed in pursuance thereof or on account of the negligence on the part of that Client, which may include its employees, servants or agents if any.
- 36.2.4. IIDIL shall provide its system and services on a best effort basis and IIDIL and/or its Directors, employees and agents shall not incur any liability for any loss suffered by any Client or damage caused to any Client due to malfunctioning, delayed or non-functioning or any technical snag or error beyond the control of IIDIL
- 36.2.5. IIDIL facilitates electronic holding of Bullion Depository Receipts, transfers and the accounting thereof in respect of Bullion held by Vault Managers. In the event of any defect in the Bullion including title to the Bullion, due to fraud or misconduct of any Client or Depositor or Vault Manager, IIDIL and/ or its Directors, employees and agents shall not incur any liability for any loss suffered by or damage caused to any person including any Client.
- 36.2.6. Without prejudice to the aforesaid, with respect to any loss caused to the Beneficial Owner due to the wrongful act, negligence or default of IIDIL or the Participant, IIDIL shall indemnify such Beneficial Owner. Provided, however, where the loss due to the negligence of the Participant is indemnified by IIDIL, IIDIL shall have the right to recover the same from such Participant.

**CHAPTER 37 : CONCILIATION AND ARBITRATION****37.1. Conciliation**

- 37.1.1. In all claims, differences and disputes, irrespective of whether IIDIL is a party or not, arising out of or in relation to dealings on IIDIL including any agreements, contracts and transactions made subject to the ByeLaws and/or Bullion Operating Instructions of IIDIL or with reference to anything incidental thereto or in pursuance thereof or relating to their validity, construction, interpretation, fulfillment or the rights, obligations and liabilities of the parties thereof and including any question of whether such dealings, transactions, agreements and contracts have been entered into or not, the parties shall be free to adopt conciliation proceedings subject to the provisions of Part III of the Arbitration and Conciliation Act, 1996 and amendments thereto.

**37.2. Arbitration**

- 37.2.1. Subject to the Applicable Laws, IIDIL shall maintain a panel of arbitrators who will be appointed by IIDIL from amongst persons who have experience of handling arbitration matters in the relevant field and the arbitration proceedings shall be held in the manner as specified by IFSCA or IIDIL from time to time.

**CHAPTER 38 : JURISDICTION****38.1. Jurisdiction**

- 38.1.1. Any dispute that may arise between IIDIL and any intermediary under these Bye Laws shall be deemed to have arisen at the computerized processing unit of IIDIL at Gandhinagar, Gujarat and the place of contracting between the Beneficial Owners/ Clients shall be at Gandhinagar. The Beneficial Owners/ Clients shall expressly record on their contracts/agreements that they have excluded the jurisdiction of all other Courts save and except, Civil Courts in Gandhinagar in relation to any dispute arising out of or in connection with any matter under these Bye Laws and that only the Civil Courts at Gandhinagar have exclusive jurisdiction in claims arising out of such dispute. The provisions of this section shall not object the jurisdiction of any court deciding any dispute as inter-se /between other parties to which IIDIL is not a party.
- 38.1.2. The record of IIDIL as maintained by a central processing unit or a cluster of processing units or computer processing units, whether maintained in any register, magnetic storage units, electronic storage units, optical storage units or computer storage units or in any other manner shall constitute the agreed and authentic record in relation to any transaction entered into through automated trading system. For the purposes of any dispute the record as maintained by the computer processing units by IIDIL shall constitute valid evidence in any dispute or claim between the Clients of IIDIL inter-se or between Clients and non-Clients of IIDIL as the case may be.

**38.2. Indemnity**

- 38.2.1. IIDIL shall not be liable for any disputes arising between the Clients and non-Clients and the Clients shall keep IIDIL indemnified for any such claims or losses arising out of such dispute.
- 38.2.2. The Client/Depositor shall indemnify and keep IIDIL indemnified and harmless against any losses, claims or damages suffered or incurred by IIDIL on account of any claim, difference or dispute between Vault Manager and the Depositor/ Client relating to quality and quantity of the Bullion deposited or delivered under a Bullion Depository Receipt.

**38.3. Client Only the Recognized Parties**

- 38.3.1. IIDIL does not recognize as parties to any deal any persons other than its Clients and the Beneficial Owners. Every Beneficial Owner/ Client is directly and wholly liable, to the extent and in accordance with the Bye Laws, Bullion Operating Instructions of IIDIL, to every other Client with whom such Client may provide the services using the depository system whether such usage is for the Beneficial Owner/ Client or for on behalf of the Beneficial Owner/ Client.

**38.4. Services subject to ByeLaws and Bullion Operating Instructions**

- 38.4.1. All Services availed by the Beneficial Owners/ Clients through the depository system shall be in accordance with the ByeLaws of IIDIL and shall always be deemed made subject to the ByeLaws and /or Bullion Operating Instructions of IIDIL and this shall be a part of the terms and conditions as set out by IIDIL for availing of the services and shall be subject to the exercise by the relevant authority of the powers with respect thereto as vested in it by the Bye Laws and /or Bullion Operating Instructions of IIDIL.

## CHAPTER 39 : MISCELLANEOUS

- 39.1. IIDIL shall be empowered to impose such restrictions or conditions for carrying out the transactions by the Beneficial Owners/ Client/s / Depositors / Consumers if in the opinion of IIDIL it is just and equitable for the fair and orderly functioning of the depository system or if it otherwise deems advisable in the interest of trade and public interest. During the effectiveness of such restrictions, no Participants shall, for any account in which it has an interest or for the account of any Beneficial Owner/ Client, engage in any transaction in contravention of such restrictions.
- 39.2. Save as otherwise specifically provided in the Bye-Laws and /or Bullion Operating Instructions or specified by IIDIL, in promoting, facilitating, assisting, regulating, managing and operating IIDIL, IIDIL should not be deemed to have incurred any liability, and accordingly no claim or recourse in respect of or in relation to any dealing of Beneficial Owners/ Clients on the depository system or any matter connected therewith shall lie against IIDIL or any authorized person(s) acting for IIDIL.
- 39.3. Any failure to observe or comply with any requirement of this Bye Law, or any Bye Law, Bullion Operating Instructions, where applicable, may be dealt with by the Relevant Authority as a violation of such Bye Laws and /or Bullion Operating Instructions.
- 39.4. No claim, suit, prosecution or other legal proceedings shall lie against IIDIL and/or any authorized person(s) acting for IIDIL, in respect of anything which is in good faith done or intended to be done in pursuance of any order or other binding directive issued to IIDIL under any law or delegated legislation for the time being in force.
- 39.5. All the records, correspondence, data, information, proceedings, minutes, decisions of IIDIL shall be confidential and IIDIL shall not be required to disclose the same to any party or person, save and except when called upon to do so by IFSCA or by under an order of any competent court/tribunal or any other competent authority.
- 39.6. In case of any difficulty in implementing the provisions of Bye Laws and/or Bullion Operating Instructions or in case of a conflict, IIDIL has the power to provide clarification, if the circumstances demand and such clarification shall be final and binding on all persons.
- 39.7. The ByeLaws and /or Bullion Operating Instructions made or prescribed by the Board/ Relevant Authority/ IIDIL, including all alterations, amendments and modifications thereto, shall be subject to the rules/ regulations/ directives/ notifications/ circulars issued by IFSCA from time to time and all such rules/ regulations/ directives/ notifications/ circulars that are issued by IFSCA for or in relation to IIDIL shall be deemed to be incorporated in the ByeLaws and /or Bullion Operating Instructions prescribed by the Board/ Relevant Authority/ Bullion Depository and the Bye Laws and /or Bullion Operating Instructions prescribed by the Board/ Relevant Authority/ IIDIL shall deemed to be altered/ amended/ modified to that extent, which amendment/ modification/ alteration shall be effective from the date notified by the IFSCA in that behalf.

**For India International Depository IFSC Limited**

**(Kaushal Vijaykumar Sampat)**

**Managing Director & Chief Executive Officer**

**(DIN 09451743)**

**Certificate from Statutory Auditors**

**ANNEXURE A**

This is to certify that the net worth of [•] (Depository Participant's Name) as on [•] (Date/Month/Year) as per the statement of computation of even date annexed to this report is INR [•] only.

It is further certified that the computation of net worth based on my / our scrutiny of the audited books of accounts, records and documents is true and correct to the best of my/our knowledge and as per information provided to my/our satisfaction.

Place : [•] Date : [•]

for [•] (Name of Statutory Auditor's Firm)

**Name of Partner:**

**Chartered Accountant:**

**Membership Number:**

Note : This certificate shall be given on the letterhead of the Statutory Auditors' Firm.

### III

#### COMPUTATION OF NETWORTH

#### ANNEXURE A

Sr. No	Particulars	Current Year(INR)	PreviousYear (INR)
1.	Paid-up Capital + Free Reserves – Share Application Money (Total Reserves less Revaluation Reserves and Specified Reserves)		
	<b>Less:</b>		
	A. Accumulated Losses		
	B. Receivable (more than 6 months old)		
	C. Receivable from Group Companies		
	D. Intangible Assets		
	E. Preliminary and Pre-operative expenses not written off		
	F. Loan in excess of value of Pledged Securities		
	G. LoaninexcessofvalueofPledgedAssets		
	H. Investment in Group Companies		
	I. Networth required for other depositories		
	J. Loans and advances to group Companies		
	K. Statutory Contingent Liabilities		
2.	Sub-Total (A+B+C+D+E++F+G+H+I+J+K)		
	<b>Available Net Worth (1-2)</b>		

#### Notes :

- Details of item mentioned under Sr.No. C,G, H, I, K and L shall be provided as annexure to the certificate.
- In case of statutory contingent liabilities, only 50% (fifty percent) of the liabilities shall be deducted.
- Security-wise details of all investments (quoted as well as unquoted securities) shall be provided as annexure to the certificate.

#### AGREEMENT BETWEEN INDIA INTERNATIONAL DEPOSITORY IFSC LIMITED AND A DEPOSITORY PARTICIPANT

#### ANNEXURE B

This Agreement made and entered into at [•] this [•] day of [•], 20[•] between:

**INDIA INTERNATIONAL DEPOSITORY IFSC LIMITED**, a company incorporated under the Companies Act, 2013, having its registered office at Unit-310 & 311,3rd Floor, Signature Tower Block-13, Road 1C, Zone-1, GIFT SEZ, Gift City Gandhinagar- 382355, hereinafter called **“IIDIL” OF THE ONE PART;**

**AND**

[•] (description of the legal entity) having his / its office / registered office at [•] hereinafter called **“the Participant” OF THE OTHER PART.**

**WHEREAS** the Participant had furnished to IIDIL an application dated [•] for grant of certificate of registration as a Participant by the International Financial Services Centres Authority (**“IFSCA”**).

**AND WHEREAS** IIDIL has agreed to forward the said application to IFSCA for grant of a certificate of registration to the Participant under the International Financial Services Centres Authority Act, 2019(**“IFSCA Act”**) read with the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 (**“MII Regulations”**) and other applicable laws.

**AND WHEREAS** IIDIL has agreed to admit the Participant to IIDIL as a participant subject to grant of certificate of registration by IFSCA as aforesaid, on the terms and conditions recorded hereinbelow.

**NOW THEREFORE** in consideration of IIDIL having agreed to admit the Participant as a participant in IIDIL, the parties hereto do hereby agree and covenant with each other as follows:

**1 General Clauses****ANNEXURE B**

- 1.1 Words and expressions used but not defined in these Bye Laws but defined under Applicable Law shall have the same meaning respectively assigned to them under the said legislations in the following order of priority, the International Financial Services Centres Authority Act, 2019 and rules and regulations made thereunder by IFSCA and / or Central Government thereunder read with Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 (to the extent applicable), and rules, regulations, circulars, notifications issued therein, the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations 2021 and circulars or guidelines or directions issued by the IFSCA and / or Central Government thereunder, the Securities Contracts (Regulation) Act, 1956 and rules and regulations thereunder, Securities and Exchange Board of India Act, 1992 and rules, regulations, directions or guidelines thereunder, Securities and Exchange Board of India (Depositories & Participants) Regulations, 2018 (to the extent applicable), Depositories Act, 1996 and rules and regulations thereunder.
- 1.2 Unless otherwise warranted by the context or meaning thereof, the words or expressions “Beneficial Owner”, “Clearing Corporation”, “Issuer”, “Participant”, and “RTA” used herein shall mean a Beneficial Owner, Clearing Corporation, Issuer, Participant and Registrar to an Issue or Share Transfer Agent (as the case may be) respectively in relation to IIDIL and the terms “Act”, “Regulations”, “Bye Laws” and “Operating Instructions” shall mean “International Financial Services Centres Authority Act, 2019”, the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021”, the Bye Laws of IIDIL and the Operating Instructions issued by IIDIL respectively.
- 1.3 The Participant shall be bound by the IFSCA Act read with MII Regulations and other applicable laws including the Securities and Exchange Board of India (Depositories & Participant) Regulations, 2018 (to the extent applicable) and agree to abide by the Bye Laws and Operating Instructions issued from time to time by IIDIL in the same manner and to the same extent as if the same were set out herein and formed part of this Agreement.
- 1.4 The Participant shall continue to be bound by the Bye Laws and Operating Instructions, even after ceasing to be a participant in so far as may be necessary for completion of or compliance with his/its obligations in respect of all matters, entries or transactions which the Participant may have carried out, executed, entered into, undertaken or may have been required to do, before ceasing to be a participant and which may have remained outstanding, incomplete or pending at the time of his/its ceasing to be a participant.
- 1.5 The obligations on the part of the Participant herein contained are a reiteration of and/or are in addition to the obligations contained in the Bye Laws and the Operating Instructions, and the omission of one or more of such obligations from this Agreement shall not in any manner be construed as a waiver of such obligations as are not herein contained.

**2 Fees, charges and deposits**

- 2.1 The Participant shall, apart from such fees, charges and deposits as may be payable to IFSCA, pay to IIDIL such fees, charges and deposits as specified from time to time in its Operating Instructions. In the event of the Participant failing to make payment of the fees, charges or deposits, as the case may be, by the respective due dates specified by IIDIL in its Operating Instructions, then, in addition to any other rights or remedies that may be available to IIDIL against the Participant, the Participant shall be liable to pay interest to IIDIL on such delayed payment or part thereof on the quantum of such delayed payment at the rate as may be prescribed by IIDIL from time to time. Such fees, charges and deposits shall be subject to any change or revision from time to time by IIDIL provided however that IIDIL shall, before effecting any increase in the fees, charges or deposits payable by the Participant as aforesaid, give the Participant at least one month's notice in that behalf.

**3 Unique Identification Number**

- 3.1 IIDIL shall allocate a unique identification number to the Participant (“Participant ID”).

**4 Hardware and Software to be installed by the Participant**

- 4.1 The Participant shall install at his/its premises allocated for IIDIL related activities such computers, printers, communication equipment and uninterruptible power supply units, systems software and any other equipment, hardware and software as may be specified by IIDIL from time to time.
- 4.2 It is further agreed that unless supplied directly by IIDIL or its agents, all computers, communication equipment, printers, uninterruptible power supply units and all other hardware and software procured by the Participant shall be of the specified configuration and shall be sourced only from IIDIL empanelled brands or any other brand which has been approved by IIDIL in writing prior to such procurement.



- 4.3 The above hardware and software set-up shall be utilized by the Participant exclusively for IIDIL specific application module and even if there be any spare processing or data storage capacity, the same shall not be used for any other application including the Participant's back-office systems or operations.
- 4.4 The above hardware shall not be connected by the Participant to its inter-office WAN (Wide Area Network) without the prior written permission of IIDIL. IIDIL reserves the right to deny such permission if, in its opinion, granting such permission involves violation of conditions relating to the operations of IIDIL's own WAN as stipulated by Department of Telecommunications or if in permitting the same, IIDIL apprehends any risk to the integrity of its WAN or for any other reason as may be deemed fit by IIDIL.
- 4.5 The Participant shall, from time to time, at his/its own cost, carry out such addition, modification, upgradation or replacement of the said hardware and /or software as may be specified by IIDIL.

## 5 Connectivity and Systems

- 5.1 The Participant and IIDIL shall establish and maintain a continuous electronic means of communication with each other.
- 5.2 IIDIL shall provide necessary Operating Instructions from time to time to the Participant, as may be necessary for effective and prompt conduct of the business relating to depository operations.
- 5.3 The Participant shall, in respect of his/its operations as a participant in IIDIL, procure and maintain at its own cost such systems, procedures, means of communication, infrastructure, hardware, software, security devices and back-up facilities as IIDIL may specify and shall upgrade or replace the same from time to time as may be specified by IIDIL.
- 5.4 The Participant shall comply with all systems and procedures recommended by IIDIL and shall allow access to his/its systems to one or more teams of professionals with expertise or specialized skill in auditing the performance of computerised systems (called "Systems Audit Teams") designated by IIDIL for periodic assessment of compliance with systems and procedures.

## 6 Effective date of commencement of activity

- 6.1 The effective date of commencement of activity by the Participant as a participant shall be the last of the following dates namely:
  - 6.1.1 the date of execution of this Agreement;
  - 6.1.2 the date of grant of Certificate of Registration to the Participant by IFSCA;
- 6.2 Neither anything contained herein nor anything done by either party hereto in pursuance of this Agreement shall be deemed or construed to constitute any promise or assurance by IIDIL that the Participant is entitled to grant of a Certificate of Registration as a Participant by IFSCA and IIDIL shall not be liable or responsible in any manner for any costs, charges, expenses, losses or damages incurred or suffered by the Participant in respect of anything done in pursuance of this Agreement in the event of IFSCA rejecting the Participant's application for grant of registration as a Participant or cancelling the same at any time after the grant thereof.

## 7 Information to be furnished by the Participant to IIDIL

- 7.1 The Participant shall submit Audited Financial Statement and Net worth Certificate to IIDIL within such period as prescribed in IIDIL Bye Laws and/ or Operating Instructions.
  - 7.1.1 In the event of the networth of the Participant falling below the networth last specified in the certificate issued under this clause, the Participant shall forthwith intimate IIDIL of the same and shall, if so required by IIDIL furnish to IIDIL a fresh networth certificate computed as aforesaid and duly certified by Statutory Auditors. IIDIL may thereupon take such action as it may deem fit and necessary under the IFSCA Act, MII Regulations, Bye Laws or this Agreement.
- 7.2 Where the Participant is a member of any recognised stock exchange and/or any clearing corporation or is a participant in any other depository and commits any breach or violation of or defaults in compliance with the bye laws of such stock exchange, clearing corporation or other depository as the case may be or of any rules or regulations made by the Central or State Government or by IFSCA in that behalf or his/ its operations, activities or membership is/are suspended or terminated by such stock exchange, clearing corporation or other depository as the case may be, the nature of the default and the reason for such default, suspension or termination to be communicated forthwith upon such occurrence;
- 7.3 The number of complaints received from beneficial owners during the month, complaints redressed during the month, complaints remaining unredressed, the nature and status thereof and the steps taken by the Participant for redressal thereof, to be communicated before the 10th (tenth) day of every succeeding month;

- 7.4 The Participant shall notify IIDIL at the earliest of any change in respect of any of the particulars with regard to any of the matters contained in the application form submitted to IIDIL.
- 7.5 The Participant shall provide such information relating to beneficial owners and their accounts with the Participant as may be required by IIDIL from time to time.

#### 8 Obligations of the Participant

- 8.1 The Participant shall, before entering into any agreement with or opening any account of any beneficial owner during the subsistence of such agreement:
  - 8.1.1 make all such inquiries as may be expedient and exercise due care and caution in ascertaining the bonafides and track record of the intending Beneficial Owner inter alia, by carrying out appropriate due diligence;
  - 8.1.2 scrutinize the authenticity of all documents produced by the Beneficial Owners for opening the account or for dematerialisation of securities;
  - 8.1.3 Where the securities are held jointly or are held in more than one name, the account shall be opened in the names of all the holders in the same sequence as it appears on the certificate/s relating to those securities;
  - 8.1.4 Where the account is opened in more than one name and the account holders named therein desire to authorise one or more of them to issue instructions to the Participant from time to time, the Participant shall ensure that due authorisation is obtained by the holders so authorised by the other holders.
  - 8.1.5 The Participant shall not effect any debit or credit to the account of a Beneficial Owner unless:
    - 8.1.5.1 the Participant has received appropriate prior written instructions from the concerned Beneficial Owner or IIDIL in that behalf and
    - 8.1.5.2 an adequate audit trail of the same is duly maintained.
  - 8.1.6 Separate accounts shall be opened and maintained by the Participant in the name of each Beneficial Owner and the securities of each Beneficial Owner shall be kept segregated and shall not be mixed up with the securities of other Beneficial Owners or with the Participant's own securities.
  - 8.1.7 Subject to the provisions of any other law, the Participant shall preserve for a minimum period of 20 (twenty) years, all original documents and records in accordance with the MII Regulations, as amended from time to time, including account opening forms, agreements with beneficial owners and instructions received from beneficial owners, as also copies of dematerialization request forms and rematerialization request forms.
  - 8.1.8 The Participant's responsibility and liability for payment to IIDIL of all fees, charges, dues and penalties in respect of all transactions and entries effected or carried out by or through the Participant shall be unconditional and such amounts shall be payable by the Participant to IIDIL irrespective of whether the Participant has received payment of or recovered any amount from the concerned beneficial owner or not, such recovery from the beneficial owner being the sole responsibility of the Participant.
  - 8.1.9 The Participant shall, as far as possible, carry out instructions received from any beneficial owner on the same day on which the instructions are received and failing that, shall carry out the instructions before the close of working hours of the immediately succeeding working day.
  - 8.1.10 The Participant shall not exercise any lien without the prior approval of IIDIL, on any securities belonging to the beneficial owners held in dematerialised form in any account with the participant, as security for recovery of dues owed by beneficial owner to the participant in his capacity as such including any compensation for any loss caused to the participant and/or IIDIL by reason of fraud, negligence or mistake on the part of the beneficial owner. The participant shall, upon receipt of such approval from IIDIL, give notice in writing to the concerned Beneficial Owner of the exercise of such lien by the participant in respect of such of the securities held in the beneficial owner's account as IIDIL may specify.
  - 8.1.11 The Participant shall, forthwith upon discovering any loss, destruction or theft of any securities, instruments or documents belonging or owed to any beneficial owner that may have been entrusted to or may otherwise have come into the hands of the Participant in the course of his/ its business, notify IIDIL, the concerned Issuer and/ or RTA and beneficial owner in that behalf.

## ANNEXURE B

- 8.1.12 The Participant alone shall be responsible to ensure that all duties, taxes or levies, if any, of whatsoever nature that may be payable under any Central or State enactment in respect of entries transactions or transfers effected by or through the Participant are duly paid as required in law.
- 8.1.13 The Participant shall process requests received from beneficial owners for dematerialisation or rematerialisation within such time and in such manner as may be specified in the Bye Laws and Operating Instructions and shall be required to keep records of the same as laid down by the Regulations and by IIDIL.
- 8.1.14 Notwithstanding anything to the contrary contained herein or in the Bye Laws, the Participant shall not be bound to give effect to any entries or transactions and IIDIL shall not be bound to permit any entries or transactions to be effected, which would violate any law or any decree or order of any court or tribunal or any order or direction of the Central or State Government or IFSCA or that of any other statutory or revenue authority that may have been served upon or intimated to the Participant or IIDIL or which to their knowledge, would constitute a breach of any covenant or undertaking given to any court, tribunal or statutory or revenue authority or which IIDIL otherwise deems not to be in its interest or that of its participant or beneficial owners.
- 8.1.15 Any order of a Court, Tribunal, Government or other competent authority relating to freezing of a beneficial owner account or taking any action in relation to a beneficial owner account which is within the purview of obligations cast on a depository under the IFSCA Act and/or MII Regulations, shall be effected by IIDIL or participant only on receipt from such authority the Beneficial Owner Identification Number (BOID) or Permanent Account Number (PAN) coupled with specific directions if the same are not set out in such order with sufficient accuracy.
- 8.1.16 The Participant alone shall be responsible for taking necessary action on the instructions and/or mandate given by the Beneficial Owner and the Participant alone shall be liable to the Beneficial Owner for default or failure in carrying out the instructions and/or mandate of the Beneficial Owner.
- 8.1.17 The Participant shall strictly comply with the time schedule specified from time to time by IIDIL for data entry and transfer.
- 8.1.18 The Participant shall furnish to the Beneficial Owner a statement in such form as may be specified of his/its account at the end of every month if there has been even a single entry or transaction during that month, and in any event once at the end of each financial year. The Participant shall furnish such statements at such shorter periods as may be required by the Beneficial Owner on payment of such charges by the Beneficial Owner as may be specified by the Participant.
- 8.1.19 The Participant assumes full responsibility for verifying the authenticity of instructions issued by or on behalf of Beneficial Owners including signature/s of the Beneficial Owner/s on the instruction slips and undertake to process the instructions after satisfying itself about the accuracy and genuineness of the signatures on the instructions slips. The Participant shall ensure that it has in place appropriate systems and/or processes as IIDIL and/or IFSCA may specify from time to time in this regard.
- 8.1.20 It shall be the duty of the Participant to ensure that no account of any Beneficial Owner is opened unless it complies with the provisions of the IFSCA Act, MII Regulations, and guidelines, notification, circular or any communication by whatever name called issued by IFSCA, and the provisions of these Bye Laws and Operating Instructions, Communiqués, letters or communication in any form issued by IIDIL and circulars issued by IFSCA and RBI from time to time as may be applicable.

**9 Obligations relating to Participant's own account**

- 9.1 The Participant shall not commingle the securities held by it in his/its own right in IIDIL with those held by it as the Participant on behalf of Beneficial Owners.
- 9.2 The Participant shall comply with such procedures for deposit and withdrawal of securities to and from any of his/its own accounts (as distinguished from the accounts of beneficial owners with it) as may be laid down under the Bye Laws and Operating Instructions.

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##### 10 Maintenance of records

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- 10.1 The Participant shall maintain all documents and records in respect of his/its IIDIL related operations in such manner as may be specified in the MII Regulations, Bye Laws and Operating Instructions.

##### 11 Reconciliation and Rectification of Errors

- 11.1 The Participant shall reconcile its records with IIDIL on a daily basis. The Participant shall, as a continuous process and on an on- going basis, check and reconcile with his/its own records and those of his/its beneficial owners, all records, balances, advices, statements and reports received by the Participant from IIDIL and promptly notify IIDIL of any error or omission in such records, balances, advices, statements and reports.
- 11.2 Any advice, statement or report provided by IIDIL shall in the absence of manifest error or fraud, be conclusive as to its subject matter. Unless otherwise agreed to by IIDIL, the failure of the Participant to inform IIDIL of any error or omission in any advice, statement or report within the time frame stipulated by IIDIL shall constitute a waiver in favour of IIDIL by the Participant of any right to require rectification.
- 11.3 IIDIL may, if it is satisfied that it is in the interest of any Beneficial Owner/s, entertain a late request by the Participant to rectify an error or omission as aforesaid. If IIDIL entertains a late request by the Participant, the Participant shall be liable for any loss caused to IIDIL or to any other participant or beneficial owner due to such late request.
- 11.4 IIDIL reserves the right to rectify any erroneous entry or transaction made to the account of any beneficial owner. In the event of IIDIL carrying out any such rectification, IIDIL shall inform the Participant and the concerned beneficial owner of such rectification.
- 11.5 Without prejudice to any other rights or remedies that IIDIL may have, in the event of any erroneous entry or transaction having been effected on account of any error, mistake or negligence on the part of the Participant resulting in wrongful reduction in or a negative balance of securities in the account of any beneficial owner, IIDIL may, in its absolute discretion, do one or more of the following:
- 11.5.1 require the Participant to replenish the deficient securities at the Participant's own cost and expense;
  - 11.5.2 itself purchase such deficient securities as replenishment at the prevailing market price. The cost and expenses incurred by IIDIL in connection with purchase of such securities shall be borne by the Participant. The Participant shall reimburse IIDIL for all costs, fees, charges, expenses, liabilities, losses and damages incurred by IIDIL in connection with the purchase or replenishment of such deficient securities by IIDIL as aforesaid;
  - 11.5.3 if the deficient securities cannot for any reason whatsoever be replenished within the time specified by IIDIL, IIDIL may require the participant to forthwith reimburse the concerned beneficial owner by payment in cash of an amount equivalent to the market value of the deficient securities as on the date of such erroneous entry or transaction or as on the date of such reimbursement, whichever is higher and call upon the Participant to make good such amount within such period as IIDIL may deem fit;
  - 11.5.4 call upon the Participant to forthwith pay to IIDIL such amount as IIDIL considers appropriate by way of security or additional security pending replenishment of the deficient securities or reimbursement in lieu thereof.
- 11.6 For the purposes of Clause 11.5 above, the term «deficient securities» shall include any loss of securities to the Beneficial Owner by way of bonus or rights entitlements or dividend and any other corporate benefits on the quantum of the wrongful reduction.

##### 12 Ceiling on Holdings

- 12.1 If the Participant is a Stock Broker, the Participant shall ensure that the aggregate market value of the securities of all Beneficial Owners in their accounts with the Participant does not exceed the limits as specified by IFSCA from time to time on any given day and if it so exceeds the said limits on any given day, the Participant shall forthwith inform IIDIL about it and IIDIL shall be entitled to issue such Operating Instructions as it may deem fit in order to rectify the position in that behalf.

##### 13 Form of Agreement to be binding

- 13.1 Notwithstanding anything contained herein, the Participant shall strictly adhere to the form of the draft agreement annexed to the Bye Laws in respect of every agreement that may be entered into by the Participant with every beneficial owner and clearing member respectively and no variation, modification, addition, alteration or deletion thereto shall be effected except with prior written consent of IIDIL in that behalf. The Participant shall be solely responsible for any statement or representation made or any obligation or liability undertaken by him/it in so far as the same is contrary to or inconsistent with or is in excess of the said draft agreement and/or the Bye Laws and Operating Instructions or which is otherwise not authorized by IIDIL.

**14 Internal controls and Audit****ANNEXURE B**

- 14.1 The Participant shall install and maintain suitable systems, audit and control measures including setting up of separate internal controls and an audit department inter alia for regularly reviewing his/its internal operations ensuring due compliance and maintaining the integrity and confidentiality of data transmitted to IIDIL as may be laid down under the Bye Laws and Operating Instructions.
- 14.2 The Participant shall from time to time submit such operational, financial, technical or other data, information, reports and returns, in relation to his/its activities and operations as a participant, duly audited and certified by a Chartered Accountant, a Company Secretary in practice or by a Systems Auditor, as the case may be, in such form and manner and within such period, as may be specified in the Bye Laws and Operating Instructions.

**15 Inspection by IIDIL**

- 15.1 IIDIL shall be entitled to carry out inspection of the facilities, systems, records and books of the Participant relating to all dealings of the Participant with it through such persons as may be authorised in that behalf by IIDIL and the Participant shall permit the persons so authorised entry into his/its premises during regular business hours on any working day and shall allow access to his/its facilities, systems, records and books and permit copies thereof to be made.

**16 Events requiring immediate intimation by the Participant to IIDIL**

- 16.1 The Participant shall notify IIDIL forthwith:
- 16.1.1 in case the Participant is an individual, in the event of his incapacity to act as such;
  - 16.1.2 in case the Participant is a partnership firm, in the event of dissolution of the firm or a notice being served under section 43 of the Indian Partnership Act, 1932 or a suit being filed under section 44 of the Indian Partnership Act, 1932;
  - 16.1.3 in case the Participant is a company or a body corporate, upon a petition for winding up being presented in any court or a resolution being passed for winding up of the Participant;
  - 16.1.4 any scheme being framed for merger, amalgamation or reconstruction of the Participant;
  - 16.1.5 on its becoming aware of the presentation of any application or petition for its bankruptcy, insolvency, liquidation or attachment of its property;
  - 16.1.6 upon its becoming aware of any distress, execution, attachment or other process being threatened or levied by any statutory or revenue authority against the Participant or its property for recovery of any taxes, duties, levies, penalties, cesses or dues;
  - 16.1.7 upon any application being presented to any court for attachment of the assets or properties of the Participant;
  - 16.1.8 in the case of any change in his/its financial conditions which may lead to his/its insolvency or dissolution or winding-up or if it suffers a composition with his/its creditors ;
  - 16.1.9 upon convening of any meeting to consider a resolution for the appointment of a liquidator or receiver or administrator in respect of any of its properties or any other change in circumstances which could materially affect its capacity to act as a participant;
  - 16.1.10 in case the Participant is also a clearing member, upon his/its being declared a defaulter or being suspended or his/its membership being terminated by the concerned stock exchange or clearing corporation or by IFSCA or any other statutory authority.
  - 16.1.11 in the event of the Participant being an intermediary (in any capacity other than as a participant) as contemplated by IFSCA Act, upon suspension or termination or de-registration of the Participant as such intermediary by IFSCA or any other regulatory body or authority empowered to do so.
  - 16.1.12 in the event of the Participant ceasing to meet any of the eligibility and/or admission criteria laid down by IFSCA and/or IIDIL.
  - 16.1.13 upon the Participant becoming aware of any event or occurrence which is reasonably likely to materially affect his/its commercial viability or existence or his/its ability to perform his/its obligations under this Agreement or which constitutes a material adverse change in the eligibility criteria laid down by IIDIL or by IFSCA or any other regulatory authority under any law in force for the time being.



### III

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#### 17 Insurance cover

ANNEXURE B

17.1 The Participant shall maintain such insurance coverage as IIDIL may specify from time to time.

#### 18 Contribution to Funds

18.1 The Participant shall contribute to one or more trusts or funds established by or at the instance of IIDIL for protection of the interests of beneficial owners and/or participants in the manner laid down under the Bye Laws, Operating Instructions or in any separate deed, document, instrument or writing made or executed in that behalf.

#### 19 Security to be furnished by the Participant

19.1 IIDIL may, at any time, require the Participant to provide, on demand, such security or additional or collateral security in such form, to such extent and in such manner as may be determined by IIDIL. For determining the amount of security or additional or collateral security, IIDIL shall take into account inter alia, the level of unreconciled balances and excess or deficit balance of securities in the accounts of beneficial owners due to any fraud, negligence, error or omission on the part of the Participant, his/its employees or agents. Such security shall be in addition to and independent of any security earlier furnished by the Participant to IIDIL.

19.2 The Participant shall not sell, transfer or otherwise alienate or create or permit the creation of any mortgage, charge or other encumbrance or permit or suffer to be attached or otherwise jeopardise the title to any of the assets provided as security or additional or collateral security to IIDIL.

19.3 IIDIL may apply all or any of the security deposit/s or other security (including additional or collateral security) furnished by the Participant to IIDIL at any time without prior notice to the Participant in or towards satisfaction of any of the obligations and/or liabilities of the Participant to IIDIL or to any beneficial owner/s, other participants, issuers, RTAs or clearing corporations as the case may be.

#### 20 Authorised Representative

20.1 The Participant shall, simultaneously with the execution of this Agreement furnish to IIDIL, a list of officials authorised by it, who shall represent and interact on his/its behalf with IIDIL. Any change in such list including additions, deletions or alterations thereto shall be forthwith communicated to IIDIL.

#### 21 Confidentiality

21.1 The parties hereto shall keep strictly confidential all technical and business information including but not limited to that which may be disclosed or confided to it by the other in the course of the performance of the obligations under this Agreement or under the Bye Laws and neither party hereto shall disclose the same to any third party without prior approval of the other party hereto.

21.2 Either party hereto shall be at liberty to provide or disclose such details, particulars, data or information relating to any beneficial owner and/or his account as may be required or directed in writing by any court, tribunal, Central or State Government, IFSCA or any other regulatory or revenue authority empowered by law in that behalf or to the concerned Issuer and/or RTA or Clearing Corporation or as may be required for compliance with any obligations in law or for enforcement of any of its rights or for protection of its interest without reference or recourse to the other or to the concerned beneficial owner provided however that save and except as aforesaid, neither party shall divulge or permit or suffer to be disclosed any such details, particulars, data or information to any party or person and shall hold such details, particulars, data and information in strict confidence.

#### 22 Change in address

22.1 The Participant shall inform IIDIL of any proposed change in address of his/its office/ registered office as also of any change in location of the premises where the equipment for maintenance of computerised records, back-up facilities and communication with IIDIL are situated, at least 30 (thirty) days before the date of such change.

#### 23 Back-up facilities

23.1 The Participant shall strictly follow the back-up procedure recommended by IIDIL. A copy of the latest back-up of the database shall at all times be maintained at a remote site. IIDIL shall not be liable to the Participant for any loss or damage arising out of failure on the part of the Participant to maintain up to date back-up of the computer programme and the relevant data.

23.2 The Participant shall permit access to any person/s designated by IIDIL to inspect his/its back-up and shall make available such extracts or reports of the records maintained at the said back-up facilities as may be required by IIDIL.

**24 Disaster Recovery Plan****ANNEXURE B**

- 24.1 The Participant shall forthwith inform IIDIL of any loss or failure of connectivity between the Participant and IIDIL.
- 24.2 The Participant shall strictly adhere to such plan, scheme or procedure (to be known as "Disaster Recovery Plan") as IIDIL may specify in that behalf for meeting any situation or eventuality resulting in loss of connectivity or failure of communication, loss or corruption of data or damage to equipment, hardware or software whether by reason of any technical failure, unauthorized access, calamity, accident, sabotage or disaster or otherwise.

**25 Redressal of grievances / complaints of beneficial owners**

- 25.1 The Participant shall resolve grievances/complaints of beneficial owners and submit a report on the grievances so resolved to IIDIL within 30 (thirty) days from the date of receipt of such complaint / grievance by the Participant in such manner as may be specified in the Bye Laws and Operating Instructions.

**26 Prohibition against Assignment etc.**

- 26.1 The functions, rights or obligations under this Agreement shall not be assigned or delegated to any party or person by the Participant without the express prior written consent of IIDIL. Any purported assignment or delegation in contravention of the terms of this Agreement shall be null and void. For the purpose of this clause, any substantial change in the share holding pattern or the constitution of the Board of Directors or in the composition of the partnership shall constitute an assignment of the business and/or functions.

**27 Suspension and Termination**

- 27.1 IIDIL may, if it is satisfied that it is necessary so to do, at any time and on such conditions as it thinks fit, terminate this Agreement with the Participant by communication in writing under the following circumstances:
- 27.1.1 the Participant no longer meets the eligibility and/or admission criteria to be a participant as laid down by IFSCA and/or by IIDIL;
  - 27.1.2 if the Participant is an individual or a sole proprietor, in the event of the death or physical or mental incapacity of the Participant;
  - 27.1.3 if the Participant is a partnership firm, in the event of dissolution of the firm;
  - 27.1.4 in the event of the Participant being a company or body corporate, upon a petition for winding up being presented in any court or a resolution being passed for winding up of the Participant;
  - 27.1.5 in the event of the Participant ceasing to carry on business as a participant with IIDIL;
  - 27.1.6 in case IIDIL has reasonable grounds to believe that the Participant is approaching financial difficulty or will be unable to meet his/its obligations in relation to IIDIL or his/its beneficial owners;
  - 27.1.7 in the event of any distress, execution or other process being levied or enforced or served upon or against any property of the Participant;
  - 27.1.8 in the event of bankruptcy, insolvency, liquidation or winding up of the Participant or the initiation of any proceedings in relation thereto or if IIDIL considers in its absolute discretion that the occurrence of such events are imminent or likely;
  - 27.1.9 in the event of the appointment of a receiver or administrator of the assets of the Participant or in the event of the Participant suffering a composition with his/its creditors or in the event of a scheme of arrangement being approved by a court (other than for the purposes of reconstruction or amalgamation) or in the event of IIDIL considering in its absolute discretion that the occurrence of such events are imminent or likely;
  - 27.1.10 in the event of the Participant's failure to pay security deposits, fees or any other charges as required under the Bye Laws or this Agreement (including any revised or increased fees, charges or deposits) or furnish additional or collateral securities within such time as may be required by IIDIL;
  - 27.1.11 in the event of failure of the Participant to fulfill the obligations arising out of the indemnification of IIDIL by the Participant;
  - 27.1.12 in case IIDIL has reasonable grounds to believe that the Participant has been responsible for negligence or fraudulent or dishonest conduct or has made a material misstatement or omitted to state a material fact in any statement to IIDIL;

- 27.1.13 in case the Participant has violated or committed any breach or default in the observance or performance of any provisions of the IFSCA Act, MII Regulations, Bye Laws or this Agreement or has failed to comply with any Operating Instructions;
- 27.1.14 in case the Participant's registration granted by SEBI has been suspended or cancelled;
- 27.1.15 in case the Participant is a member of a stock exchange, if the Participant has been expelled or his/its trading privileges have been suspended by such Stock Exchange;
- 27.1.16 in case the Participant is an intermediary (other than as a Participant) as contemplated by the IFSCA Act and/or MII Regulations, in the event of suspension, termination or de- registration of the Participant as such intermediary by IFSCA or by any other regulatory body or authority empowered by law in that behalf;
- 27.1.17 in the event of the Participant failing to redress grievances of beneficial owners to the satisfaction of IIDIL;
- 27.1.18 in case IIDIL has reasonable grounds to believe that the Participant has been carrying on his/ its activities in a manner which is detrimental to the interest of IIDIL and/or beneficial owners or that the termination of the relationship with the Participant is necessary for the protection of beneficial owners or other participants or to facilitate the orderly performance of services rendered by IIDIL;
- 27.1.19 in case the Participant has or is likely to expose itself to risk which, in the opinion of IIDIL, is not commensurate with the Participant's network;
- 27.1.20 in case the quality of the services rendered by the Participant is not satisfactory in the opinion of IIDIL as evidenced by the complaints of the beneficial owners and/or other participants, Issuers, RTAs and clearing corporations;  
 Provided however that IIDIL shall not take any action as aforesaid unless and until IIDIL shall have issued a show-cause notice to the Participant setting out the grounds on which this Agreement is sought to be terminated and the Participant shall have been given a reasonable opportunity of being heard by any officer authorised by IIDIL in that behalf and IIDIL being satisfied on the strength of the report of such officer that it is necessary to terminate this Agreement with the Participant;  
 Provided however that IIDIL may, if it considers it fit and proper in the facts and circumstances of any case, before issuing the show-cause notice as aforesaid, issue notice calling upon the Participant to rectify or remedy the breach or default within such period and on such terms and conditions as IIDIL may deem fit.  
 Provided however that no amount is due, owing or payable by the participant to IFSCA or to IIDIL inter alia by way of fees, charges, penalties or interest.
- 27.2 Without prejudice to any other rights IIDIL may have, in the event of occurrence of any of the events listed hereinabove, IIDIL may suspend with immediate effect, the business or activities of the Participant in IIDIL, before issuance of any notice or pending the notice period and/or inquiry under the Bye Laws.

## 28 Withdrawal by the Participant

- 28.1 The Participant shall be entitled to withdraw as a participant from IIDIL by issuing to IIDIL a communication in writing giving notice of not less than 30 (thirty) days of his/its intention to terminate this Agreement with IIDIL with effect from the expiry of the said period of thirty days or such further period as may be specified in the notice. IIDIL may, however, require the Participant to continue his/its business as a participant in IIDIL for such further period not exceeding 3 (three) months from the receipt of such notice if IIDIL shall deem it necessary to do so in the interest of the Beneficial Owners or in the orderly functioning of IIDIL. IIDIL shall notify the Beneficial Owners of the Participant, other participants, clearing corporations and IFSCA within 7 (seven) days of the Participant ceasing to act as such.
- 28.2 The Participant shall not be permitted to withdraw as a participant from IIDIL unless and until the Participant shall have provided satisfactory evidence to IIDIL of its having:
  - 28.2.1 issued notice of his/its intended withdrawal to all Beneficial Owners holding accounts with it;
  - 28.2.2 transferred all accounts of the Beneficial Owners to any other Participant/s of the Beneficial Owner's choice in IIDIL;
  - 28.2.3 ensured that there are no pending instructions or unresolved grievances/complaints of Beneficial Owners, IIDIL, Issuer/ RTA or Clearing Corporation;
  - 28.2.4 complied with such other terms and conditions as IIDIL may have specified in that behalf.
  - 28.2.5 no amount due, owing or payable to IFSCA or to IIDIL inter alia by way of fees, charges, penalties or interest.

**29 Consequences of Termination /Withdrawal****ANNEXURE B**

- 29.1 On termination of this Agreement or on withdrawal by the Participant, IIDIL shall return to or make available for collection by the participant, all security deposits or other securities that may have been furnished by the Participant to IIDIL by way of collateral or additional security on expiry of 6(six) months from the date of cancellation of the certificate of registration as a Depository Participant by IFSCA or after resolving pending investor grievances, if any, to the satisfaction of IIDIL, whichever is later, provided however that IIDIL shall have the right (without prejudice to any other right or remedy available to IIDIL in law) to retain any security/ deposit or to adjust or set off amounts from such security deposit equivalent to the amount which is due or is likely to become due to IIDIL, other Participants or Beneficial Owners in respect of transactions or entries effected by the Participant during the subsistence of this Agreement.
- 29.2 Without prejudice to the above, IIDIL shall be entitled to set off any earlier claims or rights of the Participant against any amounts due to IIDIL or any other persons entitled to any claim against the Participant through IIDIL, notwithstanding that such claim may have arisen after the date of termination of this Agreement.
- 29.3 IIDIL shall, upon termination of this Agreement by IIDIL or on receipt of communication in writing from the Participant conveying his/its decision to withdraw from IIDIL and/or to terminate this Agreement, notify all other participants and initiate suitable steps for the protection of the interests of beneficial owners and other participants. IIDIL shall notify other participants, clearing corporations, Issuer/RTA and IFSCA within 7 (seven) days of the termination of this Agreement.
- 29.4 The Participant shall be required to meet all his/its outstanding obligations to IIDIL, whether incurred while the Participant was acting as such or incurred thereafter but arising out of any action, transaction or dealings by the Participant during the subsistence of this Agreement.
- 29.5 On termination of this Agreement or on withdrawal by the Participant from IIDIL, every beneficial owner holding an account with the Participant shall have the option to either get his securities held with the Participant transferred to another participant or get the same rematerialised. Notwithstanding anything stated above even after such termination or withdrawal, the Participant shall continue to act as a participant for the limited purpose of either getting the securities held with the Participant transferred to another participant or get the securities rematerialised.
- 29.6 Upon termination of this Agreement, IIDIL shall give notice in writing to all beneficial owners holding accounts with the Participant calling upon the beneficial owners to have their accounts transferred to any other participant within fifteen days from the receipt of such notice. In the event of there being any beneficial owners who have failed to have their accounts transferred to any other participant as aforesaid, IIDIL shall nominate one or more participants to whom such accounts shall stand transferred for the time being provided however that no debits in respect of the securities in such transferred account shall be effected until such time as the concerned beneficial owner shall have entered into an agreement with any other participant.
- 29.7 Notwithstanding termination of this Agreement by IIDIL or withdrawal by the Participant, the provisions of this Agreement and all mutual rights and obligations arising therefrom shall, except in so far as the same is contrary to or inconsistent with such termination or withdrawal, continue to be binding on the parties in respect of all acts, deeds, matters and things done and transactions effected during the period when this Agreement was effective.

**30 Disciplinary Action**

- 30.1 The Participant shall be subject to the disciplinary jurisdiction of the Disciplinary Action Committee as provided in the Bye Laws.

**31 Indemnity**

- 31.1 The Participant shall indemnify and keep indemnified and saved harmless IIDIL, its officers, employees, servants and agents from and against all harm, loss, damage, injury, taxes, levies, penalties, cesses, duties, suits, action, litigation, arbitration, disciplinary action, prosecution or other proceedings (and all costs, charges and expenses relating thereto) suffered or incurred by IIDIL, its officers, employees, servants or agents or any of them, whether directly or indirectly on account of or as a result of any act, deed, matter or thing made done committed or omitted or suffered or permitted or caused to be done by the Participant, his/its officers, employees, servants or agents contrary to or inconsistent with the terms, conditions and covenants herein contained including any default or breach of any provision/ s of the IFSCA Act, MII Regulations, Bye Laws, this Agreement and Operating Instructions or by reason of any mistake, error, misfeasance, wilful misconduct, misrepresentation, fraud, forgery, theft, misappropriation or breach of trust by the Participant, his/its officers, employees, servants or agents or on account of the Participant

failing to meet any of his/its obligations and/or liabilities to IIDIL and/or to any of his/its beneficial owners and/or to any other participants, Issuers, RTAs or clearing corporation or on account of any deficiency in services rendered by the Participant. For the purposes of this clause, all acts of commission or omission, whether intentional or not, of his/its officers, employees, servants and agents, shall be deemed to be acts of commission or omission of the Participant. Where any loss or damage is caused to any beneficial owner due to the negligence of the Participant, IIDIL shall, if it deems it necessary to do so, in the first instance make good the loss or damage incurred by such beneficial owner and IIDIL shall be entitled to recover the same from the Participant, inter alia, by adjustment of or appropriation from any security deposit held by IIDIL.

- 31.2 IIDIL shall indemnify and keep indemnified and saved harmless the Participant from and against all harm, loss, damage or injury, and all taxes, cesses, duties, levies, penalties and all suits, action, litigation, prosecution, arbitration or any other proceedings (and all costs, charges and expenses relating thereto) suffered or incurred by the Participant by reason of or on account of any act, deed, matter or thing made done executed or committed or omitted to be done by IIDIL, its officers, employees or servants contrary to or inconsistent with the terms, conditions and covenants herein contained including any breach or default of any provisions of the IFSCA Act, MII Regulations, Bye Laws or the Operating Instructions or by reason of any misrepresentation, fraud, forgery, theft, misappropriation or breach of trust by IIDIL or its employees or by reason of IIDIL failing to meet its obligations and/or liabilities to the Participant or on account of any deficiency in the services rendered by IIDIL.

### **32 Stamp duty**

- 32.1 Any stamp duty (including interest or penalty levied thereon) payable on this Agreement and/or any deed, document or writing executed in pursuance hereof between the parties hereto shall be borne and paid by the Participant.

### **33 Force Majeure etc.**

- 33.1 Notwithstanding anything contained herein or in the Bye Laws, neither party hereto shall be liable to indemnify or compensate the other for any breach, non-performance or delay in performance of any obligations under this Agreement or for any harm, loss, damage or injury caused to the other due to causes reasonably beyond its control including but not limited to tide, storm, cyclone, flood, lightning, earthquake, fire, blast, explosion or any other act of God, war, rebellion, revolution, insurrection, embargo or sanction, blockade, riot, civil commotion, labour action or unrest including strike, lock-out or boycott, interruption or failure of any utility service, enemy action, criminal conspiracy, act of terrorism or vandalism, sabotage, unanticipated technological or natural interference or intrusion, loss or damage to satellites, loss of satellite linkage or any other data communications linkage, loss of connectivity or any other irresistible force or compulsion.

### **34 Service of Notice**

- 34.1 Any notice or communication required to be given under this agreement shall be in writing, and shall be legally effective only when it is delivered to the addressee at the last known address in the manner prescribed in the Operating Instructions.

### **35 Severability**

- 35.1 If any provision of this Agreement shall be held or adjudged by any competent court, tribunal or regulatory authority to be unlawful, void or unenforceable or if any such provision is rendered void or unenforceable by reason of any statutory amendment, notification or any judicial decision, such provision shall to the extent required be severed from this Agreement and rendered ineffective as far as possible without modifying the remaining provisions of this Agreement but shall not in any way effect the validity or enforcement of the rest of the provisions of this Agreement which shall continue to apply with full force and effect.

### **36 Amendments/Modifications at IFSCA's instance to be binding**

- 36.1 The parties hereto shall be bound by any additions, alterations, modifications, amendments or deletions to this Agreement or to any provisions thereof as may be required or directed by IFSCA and shall execute all such deeds, documents or writings as may be required for giving effect thereto.

### **37 No Waiver**

- 37.1 Neither party hereto shall be deemed to have waived, abandoned or relinquished any right, power, privilege or remedy available to it under this Agreement or in law except by a writing executed in that behalf and no failure or delay on the part of any of the parties hereto in the exercise of such right, power, privilege or remedy shall operate as a waiver thereof or as a waiver of any preceding or succeeding breach by the other party to this Agreement nor shall any single or any partial exercise of any right, power, privilege or remedy preclude any other or further exercise of such or any other right, power, privilege or remedy available under this Agreement or otherwise available in law or in equity it being agreed that all such rights, powers, privileges and remedies are several and cumulative of each other.



### III

#### 38 Arbitration and Conciliation

ANNEXURE B

38.1 The parties hereto shall, in respect of all disputes and differences that may arise between them, abide by the provisions relating to arbitration and conciliation specified under the Bye Laws. The place of arbitration shall be Gandhinagar.

#### 39 Governing Language

39.1 All deeds, documents and writings that may be executed and all correspondence that may be exchanged between the parties hereto in relation to the subject matter of this Agreement shall be in English language, which shall be the governing language between the parties hereto.

#### 40 Governing Law

40.1 This Agreement shall be governed by and construed in accordance with the laws in force in India.

#### 41 Jurisdiction

41.1 The parties hereto agree to submit to the exclusive jurisdiction of the courts in Gandhinagar.

#### 42 Headings

42.1 The headings in this Agreement are for convenience and reference only and shall in no way affect the construction or interpretation of this Agreement.

#### 43 Interpretation

43.1 Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and vice versa and any reference to any statute, enactment or legislation or any provision thereof shall include any amendment thereto or any re-enactment thereof.

#### 44 Execution of Agreement

44.1 This Agreement is executed in duplicate and a copy each shall be retained by each of the parties hereto.

IN WITNESS WHEREOF the parties hereto have hereunto set and subscribed their respective hands and seals to this Agreement in duplicate on the day, month, year and place first hereinabove mentioned.

SIGNED AND DELIVERED )

by the withinnamed "IIDIL" )

India International Depository IFSC Limited )

by the hand of its authorised representative )

Shri/Smt [•] )

in the presence of

1.

2.

SIGNED AND DELIVERED )

by the withinnamed "the Participant" )

[•] )

by the hand of its authorised representative )

Shri/Smt [•] )

in the presence of )

1.

2.

Rights and Obligations of Beneficial Owner and Depository Participant as prescribed by IFSCA and India

International Depository IFSC Limited

ANNEXURE C

#### General Clause

- 1 The Beneficial Owner and the Depository Participant ("DP") shall be bound by the provisions of the International Financial Services Centres Authority Act, 2019 ("IFSCA Act"), the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 ("MII Regulations"), Securities & Exchange Board of India (Depositories & Participants) Regulations, 2018 (to the extent applicable), and all rules, regulations, circulars, directions, operating instructions as may be issued by the International Financial Services Centres Authority ("IFSCA") from time to time and the Bye Laws and Operating Instructions issued by India International Depository IFSC Limited ("IIDIL") and relevant notifications of Government Authorities as may be in force from time to time.

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- 2 The DP shall open/activate Demat Account of a Beneficial Owner in the IIDIL depository system only after receipt of complete Account opening form, KYC and supporting documents as specified by IFSCA from time to time.

#### **Beneficial Owner information**

- 3 The DP shall maintain all the details of the Beneficial Owner(s) as mentioned in the account opening form, supporting documents submitted by the mand/or any other information pertaining to the Beneficial Owner confidentially and shall not disclose the same to any person except as required by any statutory, legal or regulatory authority in this regard.
- 4 The Beneficial Owner shall immediately notify the DP in writing, if there is any change in details provided in the account opening form as submitted to the DP at the time of opening the Demat Account or furnished to the DP from time to time.

#### **Fees/Charges/Tariff**

- 5 The Beneficial Owner shall pay such charges to the DP for the purpose of holding and transfer of securities in dematerialized form and for availing depository services as may be agreed to from time to time between the DP and the Beneficial Owner as set out in the Tariff Sheet provided by the DP. It may be informed to the Beneficial Owner that «no charges are payable for opening of Demat Account».
- 6 In case of Basic Services Demat Account, the DP shall adhere to the charge structure as laid down under the relevant IFSCA and/or IIDIL circulars/directions/notifications issued from time to time.
- 7 The DP shall not increase any charges/tariff agreed upon unless it has given a notice in writing of not less than thirty days to the Beneficial Owner regarding the same.

#### **Dematerialization**

- 8 The Beneficial Owner shall have the right to get the securities, which have been admitted on IIDIL, dematerialized in the form and manner laid down under the Bye Laws and Operating Instructions of IIDIL.

#### **Separate Accounts**

- 9 The DP shall open separate accounts in the name of each of the Beneficial Owners and securities of each Beneficial Owner shall be segregated and shall not be mixed up with the securities of other Beneficial Owners and/or DP's own securities held in dematerialized form.
- 10 The DP shall not facilitate the Beneficial Owner to create or permit any pledge and /or hypothecation or any other interest or encumbrance over all or any of such securities submitted for dematerialization and/or held in Demat Account except in the form and manner prescribed in the IFSC Act, MII Regulations and Bye-Laws/Operating Instructions of IIDIL.

#### **Transfer of Securities**

- 11 The DP shall effect transfer to and from the Demat Accounts of the Beneficial Owner only on the basis of an order, instruction, direction or mandate duly authorized by the Beneficial Owner and the DP shall maintain the original documents and the audit trail of such authorizations.
- 12 The Beneficial Owner reserves the right to give standing instructions with regard to the crediting of securities in his Demat Account and the DP shall act according to such instructions.

#### **Statement of account**

- 13 The DP shall provide statement of accounts to the Beneficial Owner in such form and manner and at such time as agreed with the Beneficial Owner and as specified by IFSCA/IIDIL in this regard.
- 14 However, if there is no transaction in the Demat Account, or if the balance has become Nil during the year, the DP shall send one physical statement of holding annually to such Beneficial Owner and shall resume sending the transaction statement as and when there is a transaction in the account.
- 15 The DP may provide the services of issuing the statement of Demat Accounts in an electronic mode if the Beneficial Owner so desires. The DP will furnish to the Beneficial Owner the statement of Demat Accounts under its digital signature, as governed under the Information Technology Act, 2000. However if the DP does not have the facility of providing the statement of Demat Account in the electronic mode, then the Participant shall be obliged to forward the statement of Demat Accounts in physical form.
- 16 In case of Basic Services Demat Accounts, the DP shall send the transaction statements as mandated by IFSCA and/or IIDIL from time to time.

**Manner of Closure of Demat Account****ANNEXURE C**

- 17 The DP shall have the right to close the Demat Account of the Beneficial Owner, for any reasons whatsoever, provided the DP has given a notice in writing of not less than thirty days to the Beneficial Owner as well as to IIDIL. Similarly, the Beneficial Owner shall have the right to close his/her Demat Account held with the DP provided no charges are payable by him/her to the DP. In such an event, the Beneficial Owner shall specify whether the balances in their Demat Account should be transferred to another Demat Account of the Beneficial Owner held with another DP or to rematerialize the security balances held.
- 18 Based on the instructions of the Beneficial Owner, the DP shall initiate the procedure for transferring such security balances or rematerialize such security balances within a period of thirty days as per procedure specified from time to time by IIDIL. Provided further, closure of Demat Account shall not affect the rights, liabilities and obligations of either the Beneficial Owner or the DP and shall continue to bind the parties to their satisfactory completion.

**Default in payment of charges**

- 19 In event of Beneficial Owner committing a default in the payment of any amount provided in Clause 5 and 6 within a period of thirty days from the date of demand, without prejudice to the right of the DP to close the Demat Account of the Beneficial Owner, the DP may charge interest at a rate as specified by IIDIL from time to time for the period of such default.
- 20 In case the Beneficial Owner has failed to make the payment of any of the amounts as provided in Clause 5 and 6 specified above, the DP after giving two days notice to the Beneficial Owner shall have the right to stop processing of instructions of the Beneficial Owner till such time he makes the payment along with interest, if any.

**Liability of IIDIL**

- 21 As per applicable law and as provided under the Bye Laws,
  - 21.1 Without prejudice to the provisions of any other law for the time being in force, any loss caused to the Beneficial Owner due to the negligence of IIDIL or the DP, IIDIL shall indemnify such Beneficial Owner.
  - 21.2 Where the loss due to the negligence of a DP under Clause (1) above, is indemnified by IIDIL, IIDIL shall have the right to recover the same from such DP.

**Freezing/Defreezing of accounts**

- 22 The Beneficial Owner may exercise the right to freeze/defreeze his/her Demat Account maintained with the DP in accordance with the procedure and subject to the restrictions laid down under the Bye Laws and Operating Instructions of IIDIL.
- 23 The DP or IIDIL shall have the right to freeze/defreeze the accounts of the Beneficial Owners on receipt of instructions received from any regulator or court or any statutory authority.

**Redressal of Investor grievance**

- 24 The DP shall redress all grievances of the Beneficial Owner against the DP within a period of thirty days from the date of receipt of the complaint.

**Authorized representative**

- 25 If the Beneficial Owner is a body corporate or a legal entity, it shall, along with the account opening form, furnish to the DP, a list of officials authorized by it, who shall represent and interact on its behalf with the DP. Any change in such list including additions, deletions or alterations there to shall be forthwith communicated to the DP.

**Law and Jurisdiction**

- 26 In addition to the specific rights set out in this document, the DP and the Beneficial owners shall be entitled to exercise any other rights which the DP or the Beneficial Owner may have under the Bye Laws and Operating Instructions of IIDIL and circulars/notices issued there under or rules and regulations as may be specified by IFSCA from time to time.
- 27 The provisions of this document shall always be subject to Government notification, any rules, regulations, guidelines and circulars/ notices issued by IFSCA, and Bye-laws and Operating Instructions of IIDIL, where the Beneficial Owner maintains his/ her account, that may be in force from time to time.
- 28 The Beneficial Owner and the DP shall abide by the arbitration and conciliation procedure prescribed under the Bye-laws of IIDIL and that such procedure shall be applicable to any disputes between the DP and the Beneficial Owner.
- 29 Words and expressions which are used in this document but which are not defined herein shall unless the context otherwise requires, have the same meanings as assigned thereto in the Bye-Laws and Operating Instructions and circulars/notices issued there under by IIDIL and/or IFSCA.

- 30 Any changes in the rights and obligations which are specified by IFSCA/ IIDIL shall also be brought to the notice of the clients at once.
- 31 If the rights and obligations of the parties hereto are altered by virtue of change in rules and regulations of IFSCA, or Bye-laws and/or Operating Instructions of IIDIL, where the Beneficial Owner maintains his/her account, such changes shall be deemed to have been incorporated herein in modification of the rights and obligations of the parties mentioned in this document.

**AGREEMENT BETWEEN A PARTICIPANT AND A CLEARING MEMBER****ANNEXURE D**

This Agreement made and entered into at [•] this [•] day of [•], between:

[•] (description of the legal entity) having his/its office/ registered office at [•] hereinafter called **“the Participant” OF THE ONE PART;**

**AND**

[•] (description of the legal entity) having his/its office/registered office at [•] hereinafter called **“the Clearing Member” OF THE OTHER PART.**

**WHEREAS** the Participant has been granted a certificate of registration bearing number [•] dated [•] by the International Financial Services Centres Authority (**“IFSCA”**) as a participant under International Financial Services Centres Authority Act, 2019 (**“IFSCA Act”**), the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 (**“MII Regulations”**) and has been admitted by India International Depository IFSC Limited (hereinafter called **“IIDIL”**) as a participant.

**AND WHEREAS** IIDIL has established an interface with [•] (hereinafter called **“the Clearing Corporation”**) for establishing a mechanism for settlement of trades effected by its clearing members in respect of securities held in dematerialised form.

**AND WHEREAS** for the purposes aforesaid, the Clearing Member is required to open such accounts as may be specified in the Operating Instructions of IIDIL.

**AND WHEREAS** the Clearing Member has furnished to the Participant an application in the specified form requesting the Participant to open the accounts as may be specified in the Operating Instructions of IIDIL in the name of the Clearing Member with the Participant, which the Participant has agreed to do on the terms and conditions set out herein below.

NOW THEREFORE in consideration of the Participant having agreed to open the accounts as may be specified in the Operating Instructions of IIDIL (hereinafter collectively called **“the special accounts”**) in the name of the Clearing Member and render services to the Clearing Member as a participant, the parties hereto do hereby agree and covenant with each other as follows:

**1 General Clauses**

- 1.1 Words and expressions used but not defined in these Bye Laws but defined under Applicable Law shall have the same meaning respectively assigned to them under the said legislations in the following order of priority, the International Financial Services Centres Authority Act, 2019 and rules and regulations made thereunder by IFSCA and / or Central Government thereunder read with Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 (to the extent applicable), and rules, regulations, circulars, notifications issued therein, the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations 2021 and circulars or guidelines or directions issued by the IFSCA and / or Central Government thereunder, the Securities Contracts (Regulation) Act, 1956 and rules and regulations thereunder, Securities and Exchange Board of India Act, 1992 and rules, regulations, directions or guidelines thereunder, Depositories Act, 1996 and rules and regulations thereunder.
- 1.2 Unless otherwise warranted by the context or meaning thereof, the words or expressions “Beneficial Owner”, “Issuer”, “Participant” and “RTA” used herein shall mean a Beneficial Owner, Issuer, Participant, and Registrar to an Issue or Share Transfer Agent (as the case may be) respectively in relation to IIDIL and the terms “Act”, “Regulations”, “Bye Laws” and “Operating Instructions” shall mean “The International Financial Services Centres Authority Act, 2019”, “the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021”, the Bye Laws of IIDIL and the Operating Instructions issued by IIDIL respectively.
- 1.3 The parties hereto shall be bound by the IFSCA Act read with MII Regulations and other applicable laws and agree to abide by the Bye Laws and Operating Instructions issued from time to time by IIDIL in the same manner and to the same extent as if the same were set out herein and formed part of this Agreement.

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- 1.4 The Participant and the Clearing Member shall continue to be bound by the Bye Laws and Operating Instructions even after ceasing to be a Participant or a Clearing Member respectively in so far as may be necessary for completion of or compliance with their obligations in respect of all matters, entries or transactions which the Participant may have carried out, executed, entered into, undertaken or may have been required to do, before ceasing to be a Participant or a Clearing Member and which may have remained outstanding, incomplete or pending at the time of his/its ceasing to be a Participant or a Clearing Member.
- 2 Fees, Charges and Deposits**
  - 2.1 The Clearing Member shall pay such fees, charges and deposits to the Participant as may be mutually agreed upon, for the purpose of opening and maintaining of the said accounts, for carrying out the instructions and for rendering such other services as are incidental or consequential to the operation of the said accounts as may be mutually agreed upon by the Participant and the Clearing Member. The Participant shall be entitled to change or revise the said fees, charges or deposits from time to time provided however that no increase therein shall be effected by the Participant, unless the Participant shall have given at least one month's notice in writing to the Clearing Member in that behalf.
  - 2.2 The Clearing Member further agrees that in the event of the Clearing Member committing a default in the payment of any of the amount payable to the Participant by way of fees, charges or otherwise on their respective due dates or within 15 (fifteen) days of the same being demanded (where no such due date is specified) then, without prejudice to the right of the Participant to terminate this Agreement and close the account of the Clearing Member, the Participant shall be entitled to charge interest on the amount remaining outstanding or unpaid at the rate of [•]% per month or part thereof.
- 3 Unique Identification Number**
  - 3.1 The Clearing Corporation shall in consultation with IIDIL, allocate a unique identification number to the Clearing Member ("Clearing Member ID").
- 4 Responsibilities of the Clearing Member**
  - 4.1 The Clearing Member shall be responsible for :
    - 4.1.1 the veracity of all statements and particulars set out in the account opening form, supporting or accompanying documents and this Agreement;
    - 4.1.2 the authenticity and genuineness of any documents submitted to the Participant along with or in support of the account opening form or subsequently;
    - 4.1.3 ensuring at all times that the securities to the credit of his special account are sufficient to meet the instructions issued to the Participant for effecting any transaction;
    - 4.1.4 informing the Participant at the earliest of any changes in the particulars set out in the application form submitted to the Participant at the time of opening of the account or furnished to the Participant from time to time such as address, bank details, status, authorisations, mandates, nomination, signature, etc.
- 5 Accounts to be opened by the Clearing Member**
  - 5.1 The Clearing Member shall open such accounts as may be specified in the Operating Instructions.
    - 5.1.1 The Clearing Member, for the purpose of settlement of securities, in dematerialised form, shall open and maintain such accounts as may be specified in the Operating Instructions by IIDIL.
  - 5.2 The Clearing Member shall be solely responsible for the instructions issued to the Participant for credit of any securities into the special accounts. The Clearing Member shall avail of all corporate benefits that may accrue in respect of securities held in special accounts and shall hold the same in trust for the benefit of the Beneficial Owner ultimately entitled to those securities. The Clearing Member shall be responsible and liable to compensate the Beneficial Owner ultimately entitled to those securities for any negligence, error or omission in availing or holding such corporate benefits for the benefit of such Beneficial Owner.
- 6 Participant to open separate account for each Clearing Member**
  - 6.1 The Participant shall maintain separate special accounts for each clearing member and ensure that the securities of the Clearing Member are not mixed with the securities of any other clearing member or those of the Participant.
- 7 Participant to act only on instructions of the Clearing Member**
  - 7.1 The Participant shall act only on the instruction or mandate of the Clearing Member or that of such person/s as may have been duly authorised by the Clearing Member in that behalf in the manner provided by IIDIL.
  - 7.2 The Participant shall not effect any debit or credit to and from the special accounts of the Clearing Member without appropriate instructions from the Clearing Member or IIDIL.
  - 7.3 The Participant shall maintain adequate audit trail of the execution of the instructions of the Clearing Member.



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#### 8 Pledge / Hypothecation

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- 8.1 The Clearing Member shall not be entitled to pledge, hypothecate, charge, mortgage or otherwise encumber the securities held in his special accounts with the Participant.

#### 9 Freezing and Defreezing of the Clearing Member's Account

- 9.1 The Clearing Member may at any time exercise his right to freeze his special account/s with the Participant so as to freeze all operations in respect of such securities held in his special account with the Participant for such period as the Clearing Member may specify. The Participant shall indemnify and keep indemnified the Clearing Member from any harm, loss, damage or injury that the Clearing Member may suffer or incur by reason of the Participant's failure to freeze the Clearing Member's account within such time from the receipt of valid instructions in that behalf and in such manner as may be specified by the Bye Laws and Operating Instructions.
- 9.2 The Clearing Member may at any time exercise his right to defreeze and reactivate his special account maintained with the Participant in accordance with the procedure and subject to the restrictions laid down under the Bye Laws and Operating Instructions. The Participant shall indemnify and keep indemnified the Clearing Member from any harm, loss, damage or injury that the Clearing Member may suffer or incur by reason of the Participant's failure to defreeze the Clearing Member's special account within such time from the receipt of valid instructions in that behalf and in such manner as may be specified by the Bye Laws and Operating Instructions.
- 9.3 The special account/s of the Clearing Member shall be frozen by the Participant, on the Participant being served with any direction, order or decree of a court, tribunal, Central or State Government, IFSCA or any statutory or revenue authority or on receipt of written instructions from IIDIL calling upon the Participant so to do and upon such account being frozen, the Participant shall forthwith intimate the Clearing Member of the same.

#### 10 Participant's Lien

- 10.1 The participant shall not exercise any lien without the prior approval of IIDIL, on any securities belonging to the Clearing Members held in dematerialised form in any account with the participant, as security for recovery of dues owed by Clearing Member to the Participant in his capacity as such including any compensation for any loss caused to the Participant and/or IIDIL by reason of fraud, negligence or mistake on the part of the Clearing Member. The participant shall, upon receipt of such approval from IIDIL, give notice in writing to the concerned Clearing Member of the exercise of such lien by the Participant in respect of such of the securities held in the Clearing Member's account as IIDIL may specify.

#### 11 Statement of the Clearing Member's Accounts

- 11.1 The Participant shall furnish to the Clearing Member a statement of his account at the end of every month if there has been even a single entry or transaction during that month and in any event once at the end of each financial year. Such statement shall be in the form as specified by IIDIL. The Participant shall furnish such statements at such shorter periods as may be required by the Clearing Member on payment of such charges by the Clearing Member as may be specified by the Participant.
- 11.2 The Clearing Member shall scrutinize every statement of his/its accounts received from the Participant for the accuracy and veracity thereof and shall promptly bring to the notice of the Participant any mistakes, inaccuracies or discrepancies in such statements.

#### 12 Participant not liable for claims against the Clearing Member

- 12.1 The Participant shall not be liable to the Clearing Member in any manner towards losses, liabilities and/or expenses arising from the claims of third parties or for any fees, charges, taxes, duties, levies or penalties levied, imposed or demanded by any Central, State, statutory or revenue authority in respect of securities credited to the Clearing Member's special account.

#### 13 Authorised Representatives

- 13.1 Where the Clearing Member is a body corporate, it shall simultaneously with the execution of this Agreement furnish to the Participant, a list of officials authorised by it, who shall represent and interact on its behalf with the Participant. Any change in such list including additions, deletions or alterations thereto shall be forthwith communicated to the Participant.

#### 14 Confidentiality

- 14.1 The Participant shall be at liberty to provide or disclose such details, particulars, data or information relating to the Clearing Member and his account as may be required or directed in writing by any court, tribunal, Central or State Government, IFSCA or any other regulatory or revenue authority empowered by law in that behalf or by IIDIL or the concerned Issuer and/or RTA or Clearing Corporation through IIDIL.

or as may be required for compliance with any obligations in law or for enforcement of any of its rights or for protection of its interest without reference or recourse to the Clearing Member provided however that save and except as aforesaid, the Participant shall not divulge or permit or suffer to be disclosed any such details, particulars, data or information to any party or person and shall hold such details, particulars, data and information in strict confidence.

#### **15 Events requiring immediate intimation by the Clearing Member**

- 15.1 The Clearing Member shall notify IIDIL and the Participant forthwith:
- 15.1.1 in case the Clearing Member is an individual, in the event of his incapacity to act as the Clearing Member;
  - 15.1.2 in case the Clearing Member is a partnership firm, in the event of its dissolution (including any issuance of notice of dissolution or filing of a suit for dissolution of the firm );
  - 15.1.3 in case the Clearing Member is a body corporate, in the event of an order being passed admitting any petition for having it wound up or appointing a provisional liquidator or a resolution being passed for its winding up ;
  - 15.1.4 on its becoming aware of the presentation of any application or petition for its bankruptcy, insolvency, liquidation or attachment of its property ;
  - 15.1.5 upon its becoming aware of any distress, execution or other process being levied or served upon or against its property ;
  - 15.1.6 in case of any change in its financial conditions which may lead to its insolvency or dissolution or winding-up or if it suffers a composition with its creditors;
  - 15.1.7 upon convening of any meeting to consider a resolution for the appointment of a liquidator or receiver or administrator in respect of any of its properties, or any other change in circumstances which could materially affect its capacity to act as the Clearing Member;
  - 15.1.8 in case the Clearing Member, being declared a defaulter or being suspended, or his/ its membership being terminated by the concerned Stock Exchange or by IFSCA;
  - 15.1.9 upon termination, suspension or de-registration of the Clearing House, Clearing Corporation or Stock Exchange by IFSCA or any other authority empowered by law in that behalf, of which the Clearing Member is a member or an account holder.

#### **16 Redressal of grievances/complaints of the Clearing Member**

- 16.1 The Participant shall promptly attend to all grievances/complaints of the Clearing Member and shall resolve all such grievances/complaints as relate to matters exclusively within the domain of the Participant within a period of 21 (twenty one) days of the same being brought to the notice of the Participant and shall forthwith forward to and follow up with IIDIL all other grievances/complaints of the Clearing Member on the same being brought to the notice of the Participant and shall endeavour to resolve the same at the earliest.

#### **17 Closure of Account**

- 17.1 The Clearing Member, may, at any time terminate this Agreement by calling upon the Participant to close all his special accounts with the Participant, provided no instructions remain pending or unexecuted and no fees or charges remain payable by the Clearing Member to the Participant. In such event the Clearing Member shall make an application to the Participant in the format specified by IIDIL in that behalf. The Clearing Member may close such special account by executing the account closing form if no balances are standing to its credit in such special account. In case any balances of securities exist in the account sought to be closed, the special accounts may be closed in one of the following ways:
- 17.1.1 by rematerialisation of all existing balances in such special account;
  - 17.1.2 by transfer of all existing balances in such special account to one or more of his/its other special account/s held with any other participant/s;
  - 17.1.3 by rematerialisation of a part of the existing balances in such special account and by transferring the rest to one or more of his/its other special account/s with any other participant/s.
- 17.2 The Participant shall initiate the procedure for transfer of balances or for rematerialisation of securities in the Clearing Member's special account, as the case may be, within a period of two working days from the date of receipt of instructions from the Clearing Member in that behalf.
- 17.3 The Clearing Member's special account shall not be closed if there exist any securities in the Clearing Member's special accounts which are pledged or hypothecated or the special account is unreconciled or if the closure of such special account would result in breach or violation of any decree or order or injunction of any court, tribunal or statutory or revenue authority.

- 17.4 In the event of the Participant ceasing to be a participant, the Clearing Member may either seek rematerialisation of his securities or request for the transfer of the securities in its special accounts to other special accounts opened with another participant.

## 18 Termination

- 18.1 The Participant may terminate this Agreement in the event of the Clearing Member:
- 18.1.1 failing to issue instructions to the Participant from time to time;
  - 18.1.2 failing to pay the fees or charges as may be mutually agreed upon within a period of thirty days from the date of demand made in that behalf;
  - 18.1.3 being suspended or being declared defaulter by the said Stock Exchange or otherwise ceasing to be a member of the said Stock Exchange;
  - 18.1.4 upon termination, suspension or de-registration of the Clearing House, Clearing Corporation or Stock Exchange by IFSCA or by any other regulatory authority empowered by law in that behalf, of which the Clearing Member is a member or an account holder;
  - 18.1.5 commits or participates in any fraud or other act of moral turpitude in his dealings with the Participant;
  - 18.1.6 otherwise misconducts himself in any manner;
- 18.2 The Participant may also terminate this Agreement without assigning any reasons for such termination provided the Participant shall have issued at least one month's notice in writing to the Clearing Member in that behalf.
- 18.3 In the event of the Participant terminating this Agreement, the Participant shall call upon the Clearing Member to specify whether he desires to have the security balances in his special accounts transferred to its special accounts with another participant or to have the same rematerialised in the manner specified in the Bye Laws and the Participant shall accordingly close the special account of the Clearing Member. Where the special account/s is terminated by the Participant for any reason not attributable to the Clearing Member, the cost, charges and expenses involved in the transfer of the Clearing Member's special account to any other participant or rematerialisation of securities in such special account shall be borne by the Participant.
- 18.4 Upon termination of this Agreement, if the Clearing Member fails to specify the special account with any other Participant to which the existing balances are to be transferred or if the Participant fails to take necessary steps to have the securities in such special account transferred to the Clearing Member's special account with some other participant, IIDIL shall nominate any other Participant to whom such special account/s shall stand transferred for the time being, provided however that no transaction in respect of securities in such transferred account shall be effected until such time as the Clearing Member shall have entered into an agreement with the Participant to whom such special account shall have been so transferred by IIDIL.
- 18.5 Notwithstanding termination of this Agreement by the Participant or closure of such special accounts by the Clearing Member, the provisions of this Agreement and all mutual rights and obligations arising therefrom shall, except in so far as the same are contrary to or inconsistent with such termination or closure, continue to be binding on the parties in respect of all acts, deeds, matters and things done and transactions effected during the period when this Agreement was effective.

## 19 Indemnity

- 19.1 The Participant shall indemnify and keep indemnified and saved harmless the Clearing Member from and against all harm, loss, damage and injury and all claims, demands, suits, actions, litigation, prosecution and every other proceedings whatsoever (including all costs, charges and expenses relating thereto) suffered or incurred by the Clearing Member by reason of or on account of the Participant effecting any debit or credit of securities to the special account of the Clearing Member without due confirmation from or contrary to or inconsistent with the instructions of the Clearing Member or otherwise failing to carry out the instructions of the Clearing Member or on account of any negligence on the part of the Participant, its employees, servants or agents or otherwise committing any act, deed, matter or thing which is violative of the IFSCA Act, MII Regulations, Bye Laws and Operating Instructions of IIDIL.
- 19.2 The Clearing Member shall indemnify and keep indemnified and saved harmless the Participant, his/its employees and servants from and against all harm, loss, damage and injury and all claims, demands, suits, action, litigation, prosecution or every other proceeding whatsoever (and all costs, charges and expenses relating thereto) suffered or incurred by the Participant on account of or as a reason of any certificates or other documents in respect of the securities submitted to the Participant being forged, fabricated,

## ANNEXURE D

counterfeit, stolen, cancelled or being otherwise invalid or such securities being subject to any decree, order or injunction of any court, tribunal, Central or State Government or any other authority empowered in that behalf restraining or prohibiting transfer of those securities or the transfer of such securities being in breach of any undertaking or covenant in favour of any statutory body or authority.

**20 Stamp duty**

- 20.1 Any stamp duty (including interest or penalty levied thereon) payable on this Agreement and/or any deed, document or writing executed in pursuance hereof between the parties hereto shall be borne and paid by the Clearing Member.

**21 Force Majeure, etc.**

- 21.1 Notwithstanding anything contained herein or in the Bye Laws, neither party hereto shall be liable to indemnify or compensate the other for any breach, non-performance or delay in performance of any obligations under this Agreement or for any harm, loss, damage or injury caused to the other due to causes reasonably beyond its control including but not limited to tide, storm, cyclone, flood, lightning, earthquake, fire, blast, explosion, or any other act of God, war, rebellion, revolution, insurrection, embargo or sanction, blockade, riot, civil commotion, labour action or unrest including strike, lock-out or boycott, interruption or failure of any utility service, enemy action, criminal conspiracy, act of terrorism or vandalism, sabotage, unanticipated technological or natural interference or intrusion, loss or damage to satellites, loss of satellite linkage or any other data communications linkage, loss of connectivity or any other irresistible force or compulsion.

**22 Service of Notice**

- 22.1 Any notice or communication required to be given under this agreement shall be in writing, and shall be legally effective only when it is delivered to the addressee at the last known address in the manner prescribed in the operating instructions.

**23 Severability**

- 23.1 If any provision of this Agreement shall be held or adjudged by any competent court, tribunal or regulatory authority to be unlawful, void or unenforceable or if any provision is rendered void or unenforceable by reason of any statutory amendment, notification or any judicial decision, such provision shall to the extent required be severed from this Agreement and rendered ineffective as far as possible without modifying the remaining provisions of this Agreement but shall not in any way effect the validity or enforcement of the rest of the provisions of this Agreement which shall continue to apply with full force and effect.

**24 Amendments/Modifications at IFSCA's instance to be binding**

- 24.1 The parties hereto shall be bound by any additions, alterations, modifications, amendments or deletions to this Agreement or to any provisions thereof as may be required or directed by IFSCA and shall execute all such deeds, documents or writings as may be required for giving effect thereto.

**25 No Waiver**

- 25.1 Neither party hereto shall be deemed to have waived, abandoned or relinquished any right, power, privilege or remedy available to it under this Agreement or in law except by a writing executed in that behalf and no failure or delay on the part of any of the parties hereto in the exercise of such right, power, privilege or remedy shall operate as a waiver thereof or as a waiver of any preceeding or succeeding breach by the other party to this Agreement nor shall any single or any partial exercise of any right, power, privilege or remedy preclude any other or further exercise of such or any other right, power, privilege or remedy available under this Agreement or otherwise available in law or in equity it being agreed that all such rights, powers, privileges and remedies are several and cumulative of each other.

**26 Arbitration and Conciliation**

- 26.1 The parties hereto shall, in respect of all disputes and differences that may arise between them, abide by the provisions relating to arbitration and conciliation specified under the Bye Laws. The place of arbitration shall be Gandhinagar.

**27 Governing Language**

- 27.1 All deeds, documents and writings that may be executed and all correspondence that may be exchanged between the parties hereto in relation to the subject matter of this Agreement shall be in English language which shall be the governing language between the parties hereto.

**28 Governing Law**

- 28.1 This Agreement shall be governed by and construed in accordance with the laws in force in India.

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#### 150 THE GUJARAT GOVERNMENT GAZETTE PART-II (Ext.) Dt. 26-02-2024

#### 29 Jurisdiction

ANNEXURE D

29.1 The parties hereto agree to submit to the exclusive jurisdiction of the courts in Gandhinagar.

#### 30 Headings

30.1 The headings in this Agreement are for convenience and reference only and shall in no way affect the construction or interpretation of this Agreement.

#### 31 Interpretation

31.1 Unless the context otherwise requires, the words denoting the singular shall include the plural and vice versa and the words denoting the masculine gender shall include the feminine and vice versa and any reference to any statute, enactment or legislation or any provision thereof shall include any amendment thereto or any re-enactment thereof.

#### 32 Execution of Agreement

32.1 This Agreement is executed in duplicate and a copy each shall be retained by each of the parties hereto.

IN WITNESS WHERE OF the parties hereto have hereunto set and subscribed their respective hands/ seals to this Agreement in duplicate on the day, month, year and place first hereinabove mentioned.

**SIGNED AND DELIVERED** )

by the withinnamed )

**“Participant”** )

[•] )

by the hand of its authorised )

representative Shri[•] )

in the presence of )

1.

2.

**SIGNED AND DELIVERED** )

by the withinnamed )

**“Clearing Member”** )

[•] )

by the hand of its authorised )

representative Shri [•] )

in the presence of )

1.

2.

#### Important Instructions :

ANNEXURE E

1. Agreements should be executed on the stamp paper of such amount as may be specified from time to time under applicable law.
2. All pages of the agreement should be stamped and signed.
3. Name and signature of the witness should be present on the last page of Agreement.
4. All the copies should be stamped and signed in Original.
5. Date of execution of agreement will be entered by IIDIL, after obtaining necessary approvals for admitting the company. If the agreement is received with the date mentioned on it, same would be rejected and issuer has to execute a new agreement.

In case any clarification is required kindly contact Issuer Admission Cell on [•].

#### Agreement between India International Depository IFSC Limited and Issuer

This Agreement made and entered into at [•] this [•] day of [•], 20[•] between:

**INDIA INTERNATIONAL DEPOSITORY IFSC LIMITED**, a company incorporated under the Companies Act, 2013, having its Registered Office at Unit-310 & 311, 3rd Floor, Signature Tower Block-13, Road 1C, Zone-1, GIFT SEZ, Gift City Gandhinagar- 382355, (hereinafter called **“IIDIL”**) **OF THE ONE PART;**



AND

ANNEXURE E

[•] (description of the legal entity)having its office/ registered office at [•], (hereinafter called the “**Issuer**”)**OF THE OTHER PART.**

**WHEREAS** IIDIL has agreed to declare the securities such as shares, stocks, bonds, debentures or other marketable securities (hereinafter referred to as “**Securities**”) issued by the issuer from time to time as being eligible to be held in dematerialized form in IIDIL.

**AND WHEREAS** the Issuer is desirous of entering into an agreement with IIDIL to facilitate the holding and transfer of securities in dematerialised form in IIDIL, which IIDIL has agreed to do.

**NOW THEREFORE** in pursuance of the International Financial Services Centres Authority Act, 2019 (“**IFSCA Act**”) read with the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 (“**MII Regulations**”), and in consideration of the mutual promises herein contained, the parties hereto do hereby agree and covenant with each other as follows :

### 1 General Clauses

- 1.1 Words and expressions used but not defined in these Bye Laws but defined under Applicable Law shall have the same meaning respectively assigned to them under the said legislations in the following order of priority, the International Financial Services Centres Authority Act, 2019 and rules and regulations made thereunder by IFSCA and / or Central Government thereunder read with Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 (to the extent applicable), and rules, regulations, circulars, notifications issued therein, the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations 2021 and circulars or guidelines or directions issued by the IFSCA and / or Central Government thereunder, the Securities Contracts (Regulation) Act, 1956 and rules and regulations thereunder, Securities and Exchange Board of India Act, 1992 and rules, regulations, directions or guidelines thereunder, Depositories Act, 1996 and rules and regulations thereunder.
- 1.2 Unless otherwise warranted by the context or meaning thereof, the words or expressions “Beneficial Owner”, “Issuer”, “Participant” and “RTA” used herein shall mean a Beneficial Owner, Issuer, Participant and Registrar to an Issue or Share Transfer Agent (as the case may be) respectively in relation to IIDIL and the terms “Act”, “Regulations”, “Bye Laws” and “Operating Instructions” shall mean “The International Financial Services Centres Authority Act, 2019”, “the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021”, Bye Laws of IIDIL and the Operating Instructions issued by IIDIL respectively.
- 1.3 The Issuer shall be bound by IFSCA Act read with MII Regulations and other applicable laws and agree to abide by the Bye Laws and the Operating Instructions issued from time to time by IIDIL in the same manner and to the same extent as if the same were set out herein and formed part of this Agreement.
- 1.4 The Issuer shall continue to be bound by the Bye Laws and Operating Instructions, even after ceasing to be an Issuer in so far as may be necessary for completion of or compliance with its obligations in respect of all matters, entries or transactions which the Issuer may have carried out, executed, entered into, undertaken or may have been required to do, including pending requests for dematerialisation or rematerialisation of securities before ceasing to be an Issuer and which may have remained outstanding, incomplete or pending at the time of its ceasing to be an Issuer.
- 1.5 The obligations on the part of the Issuer/RTA herein contained are a reiteration of and/or are in addition to the obligations contained in the Bye Laws and the Operating Instructions, and the omission of one or more of such obligations from this Agreement shall not in any manner be construed as a waiver of such obligations as are not herein contained.

### 2 Costs, Fees and Charges

- 2.1 The Issuer shall pay to IIDIL such fees, costs, charges and deposits as may be specified in the Operating Instructions for Issuers issued by IIDIL from time to time. In the event of the Issuer failing to make payment of any such fees, costs, charges or deposits, as the case may be, on or before the respective due dates, IIDIL shall be entitled to charge interest on any delayed payments at the rate as may be prescribed by IIDIL.

### 3 Unique Identification Number

- 3.1 IIDIL shall allocate a unique identification number to the Issuer (“Issuer ID”).

### 4 Hardware and Software to be installed by the Issuer

- 4.1 The Issuer shall install at its premises allocated for IIDIL related activities such computers, printers, communication equipment and uninterruptible power supply units, systems software and any other equipment, hardware and software as may be specified by IIDIL from time to time.

- 4.2 It is further agreed that unless supplied directly by IIDIL or its agents, all computers, communication equipment, printers, uninterruptible power supply units and all other hardware and software procured by the Issuer shall be of the specified configuration and shall be sourced only from IIDIL empanelled brands or any other brand which has been approved by IIDIL in writing prior to such procurement.
- 4.3 The above hardware and software set-up shall be utilised by the Issuer exclusively for IIDIL specific application module and even if there be any spare processing or data storage capacity, the same shall not be used for any other application including the Issuer's back-office systems or operations.
- 4.4 The above hardware shall not be connected by the Issuer to its inter-office WAN (Wide Area Network) without the prior written permission of IIDIL. IIDIL reserves the right to deny such permission if, in its opinion, granting such permission involves violation of conditions relating to the operations of IIDIL's own WAN as stipulated by Department of Telecommunications or if in permitting the same, IIDIL apprehends any risk to the integrity of its WAN or for any other reason as may be deemed fit by IIDIL.
- 4.5 The Issuer shall, from time to time, at its own cost, carry out such addition, modification, upgradation or replacement of the said hardware and/or software as may be specified by IIDIL.

## **5 Connectivity and Systems**

- 5.1 The Issuer and IIDIL shall establish and maintain a continuous electronic means of communication with each other.
- 5.2 IIDIL shall provide necessary Operating Instructions from time to time to the Issuer, as may be necessary for effective and prompt conduct of the business relating to depository operations.
- 5.3 The Issuer shall, in respect of its operations as an Issuer in IIDIL, procure and maintain at its own cost such systems, procedures, means of communication, infrastructure, hardware, software, security devices and back-up facilities as IIDIL may specify and shall upgrade or replace the same from time to time as may be specified by IIDIL.
- 5.4 The Issuer shall comply with all systems and procedures recommended by IIDIL and shall allow access to its systems to one or more teams of professionals with expertise or specialized skill in auditing the performance of computerised systems (called "Systems Audit Teams") designated by IIDIL for periodic assessment of compliance with systems and procedures.

## **6 Effective date of commencement of dematerialisation and rematerialisation**

- 6.1 The effective date of commencement of dematerialisation, rematerialisation and transfer of securities in dematerialised form in respect of the securities shall be on or after the date of execution of this Agreement.

## **7 Information/ Documents to be furnished by the Issuer to IIDIL**

- 7.1 The Issuer shall, furnish to IIDIL, a copy of the letter approving listing and permitting commencement of trading in respect of the securities issued by the concerned stock exchange within 5 (five) days from the date hereof and in the event of any fresh issue of securities ranked pari passu with the existing securities within 5 (five) days from the date of issuance of such letter.
- 7.2 The Issuer shall provide information to IIDIL:
  - 7.2.1 of all further issues in respect of the securities, if any, such as rights, bonus, public offerings etc., with all relevant details such as opening and closing dates, issue size, issue price, record date, book closure date, proportion, pari passu status etc., along with a copy of the offer document;
  - 7.2.2 of the date from which new securities arising out of conversions, further issues, final call payments, etc., become pari passu with its existing securities;
  - 7.2.3 of any other corporate action;
- 7.3 Such information shall be furnished to IIDIL on the same day on which it is required to be furnished to any stock exchange where the securities of the Issuer are listed and in all other cases within 2 (two) working days of the Issuer taking a formal decision in that regard.

## **8 Details / Particulars to be furnished by IIDIL to the Issuer**

- 8.1 IIDIL shall furnish to the Issuer the details/particulars of beneficial owners as of the record date. Such details/particulars shall be provided by IIDIL within such time as may be specified in the Operating Instructions.
- 8.2 IIDIL shall furnish to the Issuer the details/particulars of the beneficial owners for updating the records of the Issuer at such frequency as may be specified in the Operating Instructions.

- 8.3 In addition to the above, IIDIL may in its discretion provide, as and when required by the Issuer, on payment of such charges as may be specified by IIDIL, details of beneficial owners as well as the pending requests for Dematerialisation and Rematerialisation and any other details or particulars in respect of the securities.

## 9 Dematerialisation

- 9.1 IIDIL will electronically intimate, on a daily basis, all dematerialisation requests received from its participants to the Issuer.
- 9.2 Upon receipt of the Dematerialisation Request Form (“DRF”) along with the securities of which dematerialisation is sought, the Issuer shall firstly verify the validity and authenticity of the certificates or other documents of title to the securities and accuracy of the contents of the DRF and secondly, shall confirm from its records that such dematerialisation has been required by the person whose name appears as the holder of those securities in the register of securities maintained by the Issuer in respect of those securities.
- 9.3 The Issuer undertakes that the data pertaining to the securities to be dematerialized received from participants through IIDIL shall be validated against the database of securities maintained by the Issuer and that only valid securities with clear title shall be permitted to be dematerialised.
- 9.4 After verification as aforesaid, the Issuer shall intimate IIDIL authorising a credit in dematerialised form in respect of the concerned securities in favour of the beneficial owner. On receipt of such intimation, IIDIL shall cause the necessary credit entry to be made in the account of the beneficial owner concerned. No credit of any securities to the account of any beneficial owner shall be made unless IIDIL has received an intimation from the Issuer as set out hereinabove.
- 9.5 The Issuer undertakes that no dematerialisation request shall be accepted by it or intimated to IIDIL in respect of any securities so long as the same are subject to any restraint, injunction, prohibition or attachment under any direction, order or decree of any court, tribunal, Central or State Government, International Financial Services Centre Authority (“IFSCA”) or any statutory or revenue authority empowered in that behalf or which are by law or under the terms and conditions of issuance thereof, prohibited from being transferred.
- 9.6 The Issuer shall electronically intimate IIDIL regarding the confirmation or rejection, whether in part or in whole, of every dematerialisation request within such period as prescribed under the Bye Laws/ Operating Instructions of IIDIL.
- 9.7 The Issuer shall in all cases retain the DRF with it for such period as may be specified by law in that behalf subject to a minimum period of 5 (five) years.
- 9.8 The Issuer shall not refuse or reject any request for dematerialisation of any securities into IIDIL save and except for the following reasons:
- 9.8.1 the certificates or other documents of title to the securities are found to be stolen, forged, fabricated or counterfeit;
  - 9.8.2 the Issuer has been served with or intimated of any decree, order or direction of any court, tribunal, IFSCA, Central or State Government or other statutory or revenue authority prohibiting or restraining transfer of those securities including any order of attachment, distress or execution in respect thereof;
  - 9.8.3 in case duplicate certificates or other documents of title with the same distinctive numbers have already been issued in lieu of the original certificates/documents of title submitted for dematerialisation;
  - 9.8.4 the securities in respect of which dematerialisation is sought are subject to any restriction or prohibition on transfer thereof under any law in force for the time being or under the terms and conditions of the issuance thereof;
  - 9.8.5 any other reason as may be specified by IIDIL in its Operating Instructions.
- 9.9 The Issuer shall return to the concerned participant the certificates and/or other documents of title to such of the securities submitted for dematerialisation as are rejected by the Issuer provided however that in the event of dematerialisation in part or in whole being rejected for any of the reasons set out in clause 9.8 above, the certificates relating to those securities shall be retained by the Issuer and shall be dealt with by it in accordance with law.
- 9.10 In all cases where the Issuer rejects any request for dematerialisation of any securities in whole or in part, the Issuer shall communicate in writing to the concerned participant the precise reason for such rejection.

- 9.11 The Issuer shall, forthwith send intimation to concerned stock exchange where the dematerialised securities are listed giving particulars of the securities which have been dematerialised in such format as may be specified by the concerned stock exchange.
- 9.12 Every intimation to IIDIL permitting dematerialisation of any securities, shall be deemed to be backed by a representation and assurance by the Issuer to IIDIL that such securities exist, are validly issued and stand in the records of the Issuer in the name of the beneficial owner who has sought dematerialisation in respect of those securities.
- 9.13 The Issuer accepts full responsibility for cancellation, mutilation or destruction of certificates and/or other documents of title to securities received and accepted by it for dematerialisation and for the safe custody thereof pending cancellation, mutilation or destruction.
- 9.14 The Issuer agrees and undertakes that the record of certificates of securities which have been dematerialised will be maintained by the Issuer in such manner as may be specified in the Bye Laws and Operating Instructions.
- 9.15 The Issuer/RTA shall not permit dematerialisation of any eligible securities admitted into IIDIL unless and until the Issuer/RTA ascertain that all necessary permissions, sanctions, approvals from the concerned authority/ies including, but not limited to, stock exchange/s, Ministry of Company Affairs, Registrar of Companies, RBI, IFSCA or other relevant authorities, have been obtained and the procedures as laid down in the Operating Instructions and/or any communication issued by IIDIL from time to time in that behalf have been duly complied with.
- 9.16 The Issuer/RTA confirms that such dematerialisation is not in contravention with the provisions of the Act, Regulations, these Bye Laws and Operating Instructions issued by IIDIL from time to time.
- 9.17 The Issuer/RTA shall at all times strictly ensure that the aggregate of securities under each ISIN in dematerialised form held in the depositories, including IIDIL, and the securities held in physical form is not higher than the securities which are listed on the stock exchange/s and in case of unlisted securities, the aggregate of securities under each ISIN in dematerialised form held in the depositories, including IIDIL, together with the securities held in physical form is not higher than the securities duly allotted in accordance with law and duly notified to the office of the Registrar of Companies and/or any other authority empowered in that behalf by filing such forms, declarations, undertakings and other writings within such period and in such manner as may be prescribed in law. The Issuer/RTA shall carry out reconciliation on daily basis. Provided however that the provisions of this Bye Law shall not be applicable to securities issued by the Public Sector Undertakings where the securities held by the Central or the State Government are not listed with the stock exchange/s.

#### 10 Rematerialisation

- 10.1 On receipt of an electronic intimation by IIDIL from the Participant of its having received the Rematerialisation Request Form (“**RRF**”) from a beneficial owner, IIDIL shall immediately block the balance of the relevant securities lying in the account of the concerned beneficial owner to the extent of the quantity for which rematerialisation is sought and shall intimate electronically all such rematerialisation requests to the Issuer on a daily basis. Once the said balance is blocked as aforesaid, IIDIL shall not permit any debits or creation of any pledge or hypothecation in respect of the blocked securities pending rematerialisation.
- 10.2 On receipt of the RRF from the Participant, the Issuer shall match the particulars contained in the RRF with the particulars made available by IIDIL on the computer system and upon satisfying itself as to the accuracy of the particulars set out in the RRF, the Issuer shall confirm electronically to IIDIL and the concerned participant that the RRF has been accepted. Thereafter, the Issuer shall dispatch the security certificates arising out of the rematerialisation request within a period of 30 (thirty) days from the receipt of such RRF to the beneficial owner named in the RRF at the address set out therein taking such precautions as may be necessary against loss in transit.
- 10.3 On receipt of an intimation of acceptance of RRF from the Issuer, IIDIL shall reduce the security balances to the extent of the rematerialised securities in the concerned beneficial owner’s account. The Issuer shall send an intimation to this effect to every stock exchange where the rematerialised securities are listed. Such intimation shall be sent by the Issuer at such periodic intervals as may be specified by the concerned stock exchange or in Operating Instructions.
- 10.4 The Issuer shall retain the RRF with it for such period as may be specified by law in that behalf subject to a minimum period of 5 (five) years.
- 10.5 The Issuer may charge such amount by way of rematerialisation charges as may be agreed upon by the Issuer and IIDIL.

**11 Fresh Issue of Securities****ANNEXURE E**

- 11.1 Where, the Issuer makes any further issue of the said securities, the Issuer shall furnish to IIDIL allotment details in the manner required by IIDIL, of all beneficial owners who have opted for holding the newly allotted securities in dematerialised form in IIDIL.

**12 Procedure where identity of Beneficial Owner is not established**

- 12.1 In the event of an intimation being received by IIDIL from the Issuer for credit of securities to the account of any beneficial owner whose identity cannot be established in IIDIL, IIDIL may reject such request and give details of such rejection for rectification by the Issuer to be dealt with as may be deemed fit by the Issuer.

**13 Corporate Action / Benefits**

- 13.1 IIDIL undertakes to provide a list of beneficial owners with relevant details to the Issuer as of the book closure date /record date or such date as may be specified from time to time by IFSCA. IIDIL shall indemnify the Issuer for any loss that may be caused to the Issuer by reason of any incorrect or inaccurate information relating to beneficial owners and/or their holdings being furnished by IIDIL to the Issuer.
- 13.2 The Issuer shall, in respect of the said securities, provide timely information to IIDIL about all corporate action including book closure date, record dates, dates for payment of interest or dividend, dates for the annual general meeting and other meetings, dates of redemption or maturity of securities, dates of conversion of debt into equity, dates of exercising warrants, call money dates, details of other corporate action such as merger, amalgamation or reconstruction of the Issuer, reduction of capital, forfeiture, re-issue, conversion of debt into equity, sub-division or consolidation etc. and such other information as may be specified by IIDIL from time to time.
- 13.3 The Issuer shall be responsible for timely intimation of all corporate action to IIDIL and the accuracy thereof as also for distribution of all corporate benefits. The Issuer shall also be solely responsible for the accuracy of advice as to corporate benefits conveyed by the Issuer to IIDIL. The Issuer shall indemnify IIDIL for any loss that may be caused to IIDIL by reason of any incorrect or inaccurate information furnished by the Issuer to IIDIL.

**14 Disputes relating to dematerialisation etc.**

- 14.1 Should any claim, demand or dispute be raised by any party or person in respect of any securities that have been dematerialised and credited to the account of any beneficial owner by IIDIL as per the intimation from the Issuer or in respect of which any corporate benefits have been allotted by the Issuer, the resolution of such claim, demand or dispute and the resultant liability, if any, arising therefrom, shall be the sole responsibility of the Issuer and IIDIL shall not in any manner be liable, responsible or answerable in that behalf.
- 14.2 Should any claim, demand or dispute be raised by any party or person in respect of any securities that have been rematerialised, barring any error or inaccuracy in the particulars contained in the RRF, the resolution of such claim, demand or dispute and the resultant liability, if any, arising therefrom, shall be the sole responsibility of the Issuer and IIDIL shall not in any manner be liable, responsible or answerable in that behalf.
- 14.3 It shall be the sole responsibility of the Issuer to compensate any party or person aggrieved by reason of the Issuer permitting dematerialisation or rematerialisation of any securities in respect of which any direction, order or decree of any court or tribunal or IFSCA or Central or State Government or any other statutory or revenue authority stopping or restraining transfer or any order of attachment or any other prohibitory order is in force at the time of such dematerialisation or rematerialisation and the same has been served upon or otherwise intimated to the Issuer.

**15 Reconciliation of Records**

- 15.1 The Issuer shall reconcile the record of dematerialised securities with all the securities with all the securities issued by it, on a daily basis in accordance with the Bye Laws.

**16 Inspection by IIDIL**

- 16.1 IIDIL shall be entitled to carry out inspection of the facilities, systems, records and books of the Issuer relating to all dealings of the Issuer with it through such persons as may be authorised in that behalf by IIDIL and the Issuer shall permit the persons so authorised, entry into its premises during regular business hours on any working day and shall allow access to its facilities, systems, records and books and permit copies thereof to be made.



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**17 Events requiring immediate intimation by the Issuer to IIDIL**

ANNEXURE E

17.1 The Issuer shall notify IIDIL forthwith:

- 17.1.1 upon a petition for winding-up of the Issuer being presented in any court or a resolution being passed for winding up of the Issuer;
- 17.1.2 any scheme being framed for merger, amalgamation or reconstruction of the Issuer;
- 17.1.3 on its becoming aware of the presentation of any application or petition for its bankruptcy, insolvency, liquidation or attachment of its property;
- 17.1.4 upon its becoming aware of any distress, execution, attachment or other process being threatened or levied by any statutory or revenue authority against the Issuer or its property for recovery of any taxes, duties, levies, penalties, cesses or dues;
- 17.1.5 upon any application being presented to any court for attachment of the assets or properties of the Issuer;
- 17.1.6 in case of any change in its financial conditions which may lead to its insolvency or winding-up or if it suffers a composition with its creditors;
- 17.1.7 upon convening of any meeting to consider a resolution for the appointment of a liquidator or receiver or administrator in respect of any of its properties or any other change in circumstances which could materially affect the business of the Issuer;
- 17.1.8 upon a receiver or administrator being appointed by any court in respect of the assets or properties of the Issuer;
- 17.1.9 upon any notice being received by the Issuer from any stock exchange on which any securities issued by the Issuer are listed or permitted to be traded, suspending trading or terminating listing of such securities on that exchange, including any show-cause or other notice threatening such action;
- 17.1.10 upon the Issuer becoming aware of any event or occurrence which is reasonably likely to materially affect its commercial viability or existence or its ability to perform its obligations under this Agreement.
- 17.1.11 any increase in or reduction of share capital or any other securities issued by the Issuer, and all Corporate Actions proposed to be undertaken by the Issuer.
- 17.1.12 any unreconciled balances reported during the process of reconciliation on a daily basis.

**18 Authorised Representative**

- 18.1 The Issuer shall, simultaneously with the execution of this Agreement furnish to IIDIL, a list of officials authorised by it, who shall represent and interact on his/its behalf with IIDIL. Any change in such list including additions, deletions or alterations thereto shall be forthwith communicated to IIDIL.

**19 Confidentiality**

- 19.1 The parties hereto shall keep strictly confidential all technical and business information including but not limited to that which may be disclosed or confided to it by the other in the course of the performance of the obligations under this Agreement or under the Bye Laws and neither party hereto shall disclose the same to any third party without prior approval of the other party hereto.
- 19.2 Either party hereto shall be at liberty to permit inspection or allow extracts to be made at any time of such details, particulars, data or information relating to any beneficial owner and/or his account to such extent and in such manner as may be required by any law in force for the time being and to provide or disclose such details, particulars, data or information relating to any beneficial owner and/or his account as may be required or directed by any court, tribunal, Central or State Government, IFSCA or any regulatory or revenue authority empowered by law in that behalf or as may be required for compliance with any obligations in law or for enforcement of any of its rights or for protection of its interest without reference or recourse to the other provided however that save and except as mentioned hereinabove, the Issuer shall not divulge or permit or suffer to be disclosed any such details, particulars, data or information relating to any beneficial owner and/or his account, to any party or person and shall hold such details, particulars, data and information in strict confidence.

**20 Change in address**

- 20.1 The Issuer shall inform IIDIL of any proposed change in the address of the Registered Office of the Issuer as also of any change of the location of the premises where the equipment for maintenance of computerised records, back-up facilities and communication with IIDIL are situated, atleast 30(thirty) days before the date of such change.

**21 Back-up facilities****ANNEXURE E**

- 21.1 The Issuer shall strictly follow the back-up procedure recommended by IIDIL. A copy of the latest back-up of the database shall at all times be maintained at a remote site. IIDIL shall not be liable to the Issuer for any loss or damage arising out of failure on the part of the Issuer to maintain up to date back-up of the computer programme and the relevant data.
- 21.2 The Issuer shall permit access to any person/s designated by IIDIL to inspect its back-up facilities and shall make available to IIDIL such extracts or reports of the records maintained at the said back-up facilities as may be required by IIDIL.

**22 Disaster Recovery Plan**

- 22.1 The Issuer shall forthwith inform IIDIL of any loss or failure of connectivity between the Issuer and IIDIL.
- 22.2 The Issuer shall strictly adhere to such plan, scheme or procedure (to be known as “Disaster Recovery Plan”) as IIDIL may specify in that behalf for meeting any situation or eventuality resulting in loss of connectivity or failure of communication, loss or corruption of data or loss or damage to equipment, hardware or software whether by reason of any technical failure, unauthorised access, calamity, accident, sabotage or disaster or otherwise.

**23 Redressal of grievances / complaints of beneficial owners**

- 23.1 All grievances/complaints of beneficial owners in respect of the said securities as pertain to the matters within the exclusive domain or control of the Issuer shall be attended to and resolved by the Issuer within 30 (thirty) days of such grievance/complaint being brought to the notice of the Issuer and in respect of all other grievances/complaints the Issuer shall expeditiously pursue the resolution of the grievance/complaint with IIDIL and the concerned participant/s or the Clearing Corporation as may be necessary in that behalf. The Issuer shall keep the depository informed about the number and nature of grievances redressed by it and the number of grievances pending before it.

**24 Prohibition against Assignment etc.**

- 24.1 The functions, rights or obligations under this Agreement shall not be assigned or delegated to any party or person (including any Registrar to an Issue and/or Share Transfer Agent) by the Issuer without the express prior written consent of IIDIL. Any purported assignment or delegation in contravention of the terms of this Agreement shall be null and void.

**25 Indemnity**

- 25.1 The Issuer agrees and undertakes to indemnify and keep indemnified and saved harmless IIDIL, its employees or servants from and against all claims, demands, penalties, suits, action, litigation, arbitration, prosecution and any proceedings whatsoever and all costs, charges and expenses relating thereto and any harm, loss, damage or injury suffered or incurred by IIDIL and/or any of its participants by reason of or as a consequence of the Issuer furnishing any false or incorrect information to IIDIL or permitting dematerialisation or rematerialisation of securities in breach of any order, decree, injunction, covenant or law in force or permitting dematerialisation of securities on the strength of certificates or documents which are found to be forged, counterfeit, fake or cancelled or in respect of which duplicates / replacements / renewals have been issued or the Issuer otherwise committing any default in observance of its obligations under the Bye Laws or Operating Instructions or under this Agreement.
- 25.2 IIDIL agrees and undertakes to indemnify and keep indemnified and saved harmless the Issuer from and against all harm, loss, damage or injury, claims, demands, suits, actions, litigations, prosecutions and all other proceedings whatsoever and all cost, charges and expenses relating thereto suffered and incurred by the Issuer by reason of or as a consequence of any breach, default or negligence on the part of IIDIL, its employees or servants in complying with its obligations under the Act, the Regulations, the Bye Laws, this Agreement or Operating Instructions.

**26 Stamp duty**

- 26.1 Any stamp duty (including interest or penalty levied thereon) payable on this Agreement and/or any deed, document or writing executed in pursuance hereof between the parties hereto shall be borne and paid by the Issuer.

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#### 27 Force Majeure etc.

ANNEXURE E

27.1 Notwithstanding anything contained herein or in the Bye Laws, neither party hereto shall be liable to indemnify or compensate the other for any breach, non-performance or delay in performance of any obligations under this Agreement or for any harm, loss, damage or injury caused to the other due to causes reasonably beyond its control including but not limited to tide, storm, cyclone, flood, lightning, earthquake, fire, blast, explosion or any other act of God, war, rebellion, revolution, insurrection, embargo or sanction, blockade, riot, civil commotion, labour action or unrest including strike, lock-out or boycott, interruption or failure of any utility service, enemy action, criminal conspiracy, act of terrorism or vandalism, sabotage, unanticipated technological or natural interference or intrusion, loss or damage to satellites, loss of satellite linkage or any other data communications linkage, loss of connectivity or any other irresistible force or compulsion.

#### 28 Service of Notice

28.1 Any notice or communication required to be given under this agreement shall be in writing, and shall be legally effective only when it is delivered to the addressee at the last known address in the manner prescribed in the operating instructions.

#### 29 Severability

29.1 If any provision of this Agreement shall be held or adjudged by any competent court, tribunal or regulatory authority to be unlawful, void or unenforceable or if any such provision is rendered void or unenforceable by reason of any statutory amendment, notification or any judicial decision, such provision shall to the extent required be severed from this Agreement and rendered ineffective as far as possible without modifying the remaining provisions of this Agreement but shall not in any way effect the validity or enforcement of the rest of the provisions of this Agreement which shall continue to apply with full force and effect.

#### 30 Amendments/Modifications at IFSCA's instance to be binding

30.1 The parties hereto shall be bound by any additions, alterations, modifications, amendments or deletions to this Agreement or to any provisions thereof as may be required or directed by IFSCA and shall execute all such deeds, documents or writings as may be required for giving effect thereto.

#### 31 No Waiver

31.1 Neither party hereto shall be deemed to have waived, abandoned or relinquished any right, power, privilege or remedy available to it under this Agreement or in law except by a writing executed in that behalf and no failure or delay on the part of any of the parties hereto in the exercise of such right, power, privilege or remedy shall operate as a waiver thereof or as a waiver of any preceeding or succeeding breach by the other party to this Agreement nor shall any single or any partial exercise of any right, power, privilege or remedy preclude any other or further exercise of such or any other right, power, privilege or remedy available under this Agreement or otherwise available in law or in equity it being agreed that all such rights, powers, privileges and remedies are several and cumulative of each other.

#### 32 Arbitration and Conciliation

32.1 The parties hereto shall, in respect of all disputes and differences that may arise between them, abide by the provisions relating to arbitration and conciliation specified under the Bye Laws. The place of arbitration shall be Gandhinagar.

#### 33 Governing Language

33.1 All deeds, documents and writings that may be executed and all correspondence that may be exchanged between the parties hereto in relation to the subject matter of this Agreement shall be in English language, which shall be the governing language between the parties hereto.

#### 34 Governing Law

34.1 This Agreement shall be governed by and construed in accordance with the laws in force in India.

#### 35 Jurisdiction

35.1 The parties hereto agree to submit to the exclusive jurisdiction of the courts in Gandhinagar.

#### 36 Headings

36.1 The headings in this Agreement are for convenience and reference only and shall in no way affect the construction or interpretation of this Agreement.

### III

#### 37 Interpretation

ANNEXURE E

- 37.1 Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and any reference to any statute, enactment or legislation or any provision thereof shall include any amendment thereto or any re-enactment thereof.

#### 38 Execution of Agreement

- 38.1 This Agreement is executed in duplicate and a copy each shall be retained by each of the parties hereto.

IN WITNESS WHEREOF the parties hereto have hereunto set and subscribed their respective hands and seals to this Agreement in duplicate on the day, month, year and place first hereinabove mentioned.

SIGNED AND DELIVERED )

by the within named "IIDIL" )

India International Depository IFSC Limited)

by the hand of its authorised )

representative Shri [•]

in the presence of )

1.

2.

SIGNED AND DELIVERED )

by the within named "Issuer" )

[•] )

by the hand of its authorised )

representative Shri[•] )

in the presence of )

1.

2.

#### Important Instructions:

ANNEXURE F

1. Agreements should be executed on the stamp paper of such amount as may be specified from time to time under applicable law.
2. All pages of the agreement should be stamped and signed.
3. Name and signature of the witness should be present on the last page of Agreement.
4. All the copies should be stamped and signed in Original.
5. Date of execution of agreement will be entered by IIDIL, after obtaining necessary approvals for admitting the company. If the agreement is received with the date mentioned on it, same would be rejected and issuer, RTA has to execute a new agreement.

In case any clarification is required kindly contact Issuer Admission Cell on [•]

#### TRIPARTITE AGREEMENT BETWEEN INDIA INTERNATIONAL DEPOSITORY IFSC LIMITED, ISSUER AND ITS RTA

This Agreement made and entered into at [•] this [•] day of [•]between:

**INDIA INTERNATIONAL DEPOSITORY IFSC LIMITED** acompany incorporated under the Companies Act, 2013, having its Registered Office at Unit-310 & 311, 3rd Floor, Signature Tower Block-13, Road 1C, Zone-1, GIFT SEZ, Gift City Gandhinagar- 382355 (hereinafter called "IIDIL") **OF THE FIRST PART;**

**AND**

[•] (description of the legal entity), having its office/ registered office at[•], (hereinafter called "the Issuer")**OF THE SECOND PART;**

**AND**

[•] (description of the legal entity of the Registrar to an Issue and/or Share Transfer Agent) having his/ its office / registered office at [•] (hereinafter called "the RTA") **OF THE THIRD PART.**

**WHEREAS** IIDIL has agreed to declare the securities such as shares, stocks, bonds, debentures or other marketable securities(hereinafter referred to as “securities”) issued by the issuer from time to time as being eligible to be held in dematerialized form in IIDIL.

**AND WHEREAS** the Issuer is desirous of entering into an agreement with IIDIL to facilitate the holding and transfer of securities in dematerialised form in IIDIL, which IIDIL has agreed to do.

**AND WHEREAS** the RTA has been granted a certificate of registration bearing number dated [•] by the International Financial Services Centres Authority (“**IFSCA**”) under the International Financial Services Centres Authority Act, 2019 (“**IFSCA Act**”) read with the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 (“**MII Regulations**”).

**AND WHEREAS** the Issuer has appointed the RTA to act as its registrar to an issue and/or share transfer agent in respect of the securities in dematerialised form.

**NOW THEREFORE** in pursuance of IFSCA Act and the MII Regulations, and in consideration of the mutual promises herein contained, the parties hereto do hereby agree and covenant with each other as follows:

### 1 General Clauses

- 1.1 Words and expressions used but not defined in these Bye Laws but defined under Applicable Law shall have the same meaning respectively assigned to them under the said legislations in the following order of priority, the International Financial Services Centres Authority Act, 2019 and rules and regulations made thereunder by IFSCA and / or Central Government thereunder read with Securities and Exchange Board of India (International Financial Services Centres) Guidelines, 2015 (to the extent applicable), and rules, regulations, circulars, notifications issued therein, the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations 2021 and circulars or guidelines or directions issued by the IFSCA and / or Central Government thereunder, the Securities Contracts (Regulation) Act, 1956 and rules and regulations thereunder, Securities and Exchange Board of India Act, 1992 and rules, regulations, directions or guidelines thereunder, Depositories Act, 1996 and rules and regulations thereunder.
- 1.2 Unless otherwise warranted by the context or meaning thereof, the words or expressions “Beneficial Owner”, “Issuer”, “Participant”, and “RTA” used herein shall mean a Beneficial Owner, Issuer, Participant and Registrar to an Issue or Share Transfer Agent (as the case may be) respectively in relation to IIDIL and the terms “Act”, “Regulations”, “Bye Laws” and “Operating Instructions” shall mean “The International Financial Services Centres Authority Act, 2019”, “the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021”, Bye-Laws of IIDIL and the Operating Instructions issued by IIDIL respectively.
- 1.3 The Issuer and RTA shall be bound by the IFSCA Act and the MII Regulations and agree to abide by the Bye Laws and the Operating Instructions issued from time to time by IIDIL in the same manner and to the same extent as if the same were set out herein and formed part of this Agreement.
- 1.4 The Issuer and the RTA shall continue to be bound by the Bye Laws and Operating Instructions, even after ceasing to be an Issuer or RTA as the case may be, in so far as may be necessary for completion of or compliance with his/its obligations in respect of all matters, entries or transactions which the Issuer and the RTA may have carried out, executed, entered into, undertaken or may have been required to do, including pending requests for dematerialisation or rematerialisation of securities before ceasing to be an Issuer or RTA and which may have remained outstanding, incomplete or pending at the time of his/its ceasing to be an Issuer or RTA, as the case may be.
- 1.5 The obligations on the part of the Issuer/RTA herein contained are a reiteration of and/or are in addition to the obligations contained in the Bye Laws and the Operating Instructions, and the omission of one or more of such obligations from this Agreement shall not in any manner be construed as a waiver of such obligations as are not herein contained.

### 2 Costs, Fees and Charges

- 2.1 The Issuer and RTA shall individually pay to IIDIL such fees, costs, charges and deposits as may be specified in the Operating Instructions for Issuers/RTAs issued by IIDIL from time to time. In the event of the Issuer/RTA failing to make payment of any such fees, costs, charges or deposits, as the case may be, on or before the respective due dates, IIDIL shall be entitled to charge interest on any delayed payments at the rate as may be prescribed by IIDIL.

### 3 Unique Identification Number

- 3.1 IIDIL shall allocate a unique identification number to the Issuer (“Issuer ID”) and the RTA (“RTA ID”).



**4 Hardware and Software to be installed by the RTA****ANNEXURE F**

- 4.1 The RTA shall install at his/its premises allocated for IIDIL related activities such computers, printers, communication equipment and uninterruptible power supply units, systems software and any other equipment, hardware and software as may be specified by IIDIL from time to time.
- 4.2 It is further agreed that unless supplied directly by IIDIL or his/its agents, all computers, communication equipment, printers, uninterruptible power supply units and all other hardware and software procured by the RTA shall be of the specified configuration and shall be sourced only from IIDIL empanelled brands or any other brand which has been approved by IIDIL in writing prior to such procurement.
- 4.3 The above hardware and software set-up shall be utilized by the RTA exclusively for IIDIL specific application module and even if there be any spare processing or data storage capacity, the same shall not be used for any other application including the RTA's back-office systems or operations.
- 4.4 The above hardware shall not be connected by the RTA to his/ its inter- office WAN (Wide Area Network) without the prior written permission of IIDIL. IIDIL reserves the right to deny such permission if, in his/its opinion, granting such permission involves violation of conditions relating to the operations of IIDIL's own WAN as stipulated by Department of Telecommunications or if in permitting the same, IIDIL apprehends any risk to the integrity of his/its WAN or for any other reason as may be deemed fit by IIDIL.
- 4.5 The RTA shall, from time to time, at his/its own cost, carry out such addition, modification, upgradation or replacement of the said hardware and/or software as may be specified by IIDIL.

**5 Connectivity and Systems**

- 5.1 The RTA and IIDIL shall establish and maintain a continuous electronic means of communication with each other.
- 5.2 IIDIL shall provide necessary Operating Instructions from time to time to the RTA, as may be necessary for effective and prompt conduct of the business relating to depository operations.
- 5.3 The RTA shall, in respect of his/its operations as the RTA in IIDIL, procure and maintain at his/its own cost such systems, procedures, means of communication, infrastructure, hardware, software, security devices and back-up facilities as IIDIL may specify and shall upgrade or replace the same from time to time as may be specified by IIDIL.
- 5.4 The RTA shall comply with all systems and procedures recommended by IIDIL and shall allow access to his/its systems to one or more teams of professionals with expertise or specialized skill in auditing the performance of computerised systems (called “**Systems Audit Teams**”) designated by IIDIL for periodic assessment of compliance with systems and procedures.

**6 Effective date of commencement of dematerialisation and rematerialisation**

- 6.1 The effective date of commencement of dematerialisation, rematerialisation and transfer of securities in dematerialised form in respect of these securities shall be on or after the date of execution of this Agreement.

**7 Information / Documents to be furnished by the RTA to IIDIL**

- 7.1 The RTA shall, furnish to IIDIL, a copy of the letter approving listing and permitting commencement of trading in respect of the securities issued by the concerned stock exchange within 5 (five) days from the date hereof and in the event of any fresh issue of securities ranked pari passu with the existing securities within 5 (five) days from the date of issuance of such letter.
- 7.2 The RTA shall provide information to IIDIL:
  - 7.2.1 of all further issues in respect of the securities, if any, such as rights, bonus, public offerings etc., with all relevant details such as opening and closing dates, issue size, issue price, record date, book closure date, proportion, pari passu status etc., along with a copy of the offer document;
  - 7.2.2 of the date from which new securities arising out of conversions, further issues, final call payments, etc., become pari passu with his/its existing securities;
  - 7.2.3 of any other corporate action.
- 7.3 Such information shall be furnished to IIDIL on the same day on which it is required to be furnished to any stock exchange where the securities is listed and in all other cases within 2 (two) working days of the Issuer taking a formal decision in that behalf.

**8 Details / Particulars to be furnished by IIDIL****ANNEXURE F**

- 8.1 IIDIL shall furnish to the Issuer/RTA the details/particulars of beneficial owners as of the record date. Such details/particulars shall be provided by IIDIL within such time as may be specified in the Operating Instructions.
- 8.2 IIDIL shall furnish to the Issuer/RTA the details/particulars of the beneficial owners for updating the records of the Issuer/RTA at such frequency as may be specified in the Operating Instructions.
- 8.3 In addition to the above, IIDIL may in its discretion provide, as and when required by the Issuer/RTA, on payment of such charges as may be specified by IIDIL, details of beneficial owners as well as the pending requests for Dematerialisation and Rematerialisation and any other details or particulars in respect of the securities.

**9 Dematerialisation**

- 9.1 IIDIL will electronically intimate, on a daily basis, all dematerialisation requests received from its participants to the RTA.
- 9.2 Upon receipt of the Dematerialisation Request Form ("DRF") along with the securities of which dematerialisation is sought, the RTA shall firstly verify the validity and authenticity of the certificates or other documents of title to the securities and accuracy of the contents of the DRF and secondly, shall confirm from his/its records that such dematerialisation has been required by the person whose name appears as the holder of those securities in the register of securities maintained by the RTA in respect of those securities.
- 9.3 The RTA undertakes that the data pertaining to the securities to be dematerialized received from participants through IIDIL shall be validated against the database of securities maintained by the Issuer and/or RTA and that only valid securities with clear title shall be permitted to be dematerialised.
- 9.4 After verification as aforesaid, the RTA shall intimate IIDIL authorising a credit in dematerialised form in respect of the concerned securities in favour of the beneficial owner. On receipt of such intimation, IIDIL shall cause the necessary credit entry to be made in the account of the beneficial owner concerned. No credit of any securities to the account of any beneficial owner shall be made unless IIDIL has received an intimation from the RTA as set out hereinabove.
- 9.5 The RTA undertakes that no dematerialisation request shall be accepted by it or intimated to IIDIL in respect of any securities so long as the same are subject to any restraint, injunction, prohibition or attachment under any direction, order or decree of any court, tribunal, Central or State Government, IFSCA or any statutory or revenue authority empowered in that behalf or which are by law or under the terms and conditions of issuance thereof, prohibited from being transferred.
- 9.6 The RTA shall electronically intimate IIDIL regarding the confirmation or rejection, whether in part or in whole, of every dematerialisation request within such period as prescribed under the Bye Laws/ Operating Instructions of IIDIL.
- 9.7 The RTA shall in all cases retain the DRF with it for such period as may be specified by law in that behalf subject to a minimum period of 5 (five) years.
- 9.8 The RTA shall not refuse or reject any request for dematerialisation of any securities into IIDIL save and except for the following reasons:
  - 9.8.1 the certificates or other documents of title to the securities are found to be stolen, forged, fabricated or counterfeit;
  - 9.8.2 the Issuer or the RTA has been served with or intimated of any decree, order or direction of any court, tribunal, IFSCA, Central or State Government or other statutory or revenue authority prohibiting or restraining transfer of those securities including any order of attachment, distress or execution in respect thereof;
  - 9.8.3 in case duplicate certificates or other documents of title with the same distinctive numbers have already been issued in lieu of the original certificates/documents of title submitted for dematerialisation;
  - 9.8.4 the securities in respect of which dematerialisation is sought are subject to any restriction or prohibition on transfer thereof under any law in force for the time being or under the terms and conditions of the issuance thereof;
  - 9.8.5 any other reason as may be specified by IIDIL in its Operating Instructions.

## ANNEXURE F

- 9.9 The RTA shall return to the concerned participant the certificates and/or other documents of title to such of the securities submitted for dematerialisation as are rejected by the RTA provided however that in the event of dematerialisation in part or in whole being rejected for any of the reasons set out in clause 9.8 above, the certificates relating to those securities shall be retained by the RTA and shall be dealt with by the RTA in accordance with law.
- 9.10 In all cases where the RTA rejects any request for dematerialisation of any securities in whole or in part, the RTA shall communicate in writing to the concerned participant the precise reason for such rejection.
- 9.11 The RTA shall, forthwith send intimation to the concerned stock exchange where the dematerialised securities are listed giving particulars of the securities which have been dematerialised in such format as may be specified by the concerned stock exchange.
- 9.12 Every intimation to IIDIL permitting dematerialisation of any securities, shall be deemed to be backed by a joint and several representation and assurance by the Issuer and the RTA to IIDIL that such securities exist, are validly issued and stand in the records of the Issuer and/or the RTA in the name of the beneficial owner who has sought dematerialisation in respect of those securities.
- 9.13 The Issuer and the RTA accept full responsibility for cancellation, mutilation or destruction of certificates and/or other documents of title to securities received and accepted by them for dematerialisation and for the safe custody thereof pending cancellation, mutilation or destruction.
- 9.14 The Issuer and/or the RTA agrees and undertakes that the record of certificates of securities which have been dematerialised will be maintained by the Issuer and /or the RTA in such manner as may be specified in the Bye Laws and Operating Instructions and shall, upon termination of this Agreement or upon the RTA ceasing to act as such in respect of the securities, entrust all such records to the care and custody of the Issuer.
- 9.15 The Issuer/RTA shall not permit dematerialisation of any eligible securities admitted into IIDIL unless and until the Issuer/RTA ascertain that all necessary permissions, sanctions, approvals from the concerned authority/ies including, but not limited to, stock exchange/s, Ministry of Company Affairs, Registrar of Companies, RBI, IFSCA or any other relevant authority, have been obtained and the procedures as laid down in the Operating Instructions and/or any communication issued by IIDIL from time to time in that behalf have been duly complied with.
- 9.16 The Issuer/RTA confirms that such dematerialisation is not in contravention with the provisions of the Act, Regulations, these Bye Laws and Operating Instructions issued by IIDIL from time to time.
- 9.17 The Issuer/RTA shall at all times strictly ensure that the aggregate of securities under each ISIN in dematerialised form held in the depositories, including IIDIL, and the securities held in physical form is not higher than the securities which are listed on the stock exchange/ s and in case of unlisted securities, the aggregate of securities under each ISIN in dematerialised form held in the depositories, including IIDIL, together with the securities held in physical form is not higher than the securities duly allotted in accordance with law and duly notified to the office of the Registrar of Companies and/or any other authority empowered in that behalf by filing such forms, declarations, undertakings and other writings within such period and in such manner as may be prescribed in law. The Issuer/RTA shall carry out reconciliation on daily basis. Provided however that the provisions of this Bye Law shall not be applicable to securities issued by the Public Sector Undertakings where the securities held by the Central or the State Government are not listed with the stock exchange/s.

**10 Rematerialisation**

- 10.1 On receipt of an electronic intimation by IIDIL from the Participant of his/its having received the Rematerialisation Request Form (“RRF”) from a beneficial owner, IIDIL shall immediately block the balance of the relevant securities lying in the account of the concerned beneficial owner to the extent of the quantity for which rematerialisation is sought and shall intimate electronically all such rematerialisation requests to the RTA on a daily basis. Once the said balance is blocked as aforesaid, IIDIL shall not permit any debits or creation of any pledge or hypothecation in respect of the blocked securities pending rematerialisation.
- 10.2 On receipt of the RRF from the Participant, the RTA shall match the particulars contained in the RRF with the particulars made available by IIDIL on the computer system and upon satisfying itself as to the accuracy of the particulars set out in the RRF, the RTA shall confirm electronically to IIDIL and the concerned participant that the RRF has been accepted. Thereafter, the RTA shall dispatch the security certificates arising out of the rematerialisation request within a period of thirty days from the receipt of such RRF to the beneficial owner named in the RRF at the address set out therein taking such precautions as may be necessary against loss in transit.

- 10.3 On receipt of an intimation of acceptance of the RRF from the RTA, IIDIL shall reduce the security balances to the extent of the rematerialised securities in the concerned beneficial owner's account. The RTA shall send an intimation to this effect to every stock exchange where the rematerialised securities are listed. Such intimation shall be sent by the RTA at such periodic intervals as may be specified by the concerned stock exchange or in Operating Instructions
- 10.4 The RTA shall retain the RRF with it for such period as may be specified by law in that behalf subject to a minimum period of 5 (five) years.
- 10.5 The Issuer or the RTA may charge such amount by way of rematerialisation charges as may be agreed upon by the Issuer and/or the RTA and IIDIL.

#### **11 Fresh Issue of Securities**

- 11.1 Where, the Issuer makes any further issues of the securities, the Issuer and/or the RTA shall furnish to IIDIL allotment details in the manner required by IIDIL, of all beneficial owners who have opted for holding the newly allotted securities in dematerialised form in IIDIL.

#### **12 Procedure where identity of Beneficial Owner is not established**

- 12.1 In the event of an intimation being received by IIDIL from the Issuer and/or the RTA for credit of securities to the account of any beneficial owner whose identity cannot be established in IIDIL, IIDIL may reject such request and give details of such rejection for rectification by the Issuer and/or the RTA to be dealt with as may be deemed fit by the Issuer and/or the RTA.

#### **13 Corporate Action / Benefits**

- 13.1 IIDIL undertakes to provide a list of beneficial owners with relevant details to the Issuer and/or the RTA as of the book closure date /record date or any such date as may be specified from time to time. IIDIL shall indemnify the Issuer and /or the RTA for any loss that may be caused to the Issuer and /or the RTA by reason of any incorrect or inaccurate information relating to beneficial owners and/ or their holdings being furnished by IIDIL to the Issuer and/or the RTA.
- 13.2 The RTA shall, in respect of these securities, provide timely information to IIDIL about all corporate action including book closure date, record dates, dates for payment of interest or dividend, dates for the annual general meeting and other meetings, dates of redemption or maturity of securities, dates of conversion of debt into equity, dates of exercising warrants, call money dates, details of other corporate action such as merger, amalgamation or reconstruction of the Issuer, reduction of capital, forfeiture, re-issue, conversion of debt into equity, sub-division or consolidation etc. and such other information as may be specified by IIDIL from time to time.
- 13.3 The RTA shall be responsible for timely intimation of all corporate action to IIDIL and the accuracy thereof as also for distribution of all corporate benefits. The Issuer and the RTA shall also be jointly responsible for the accuracy of advice as to corporate benefits conveyed by the Issuer and/or the RTA to IIDIL. The Issuer and /or RTA shall indemnify IIDIL for any loss that may be caused to IIDIL by reason of any incorrect or inaccurate information furnished by the Issuer and/or RTA to IIDIL.

#### **14 Disputes relating to dematerialisation etc.**

- 14.1 Should any claim, demand or dispute be raised by any party or person in respect of any securities that have been dematerialised and credited to the account of any beneficial owner by IIDIL as per the intimation from the Issuer or the RTA or in respect of which any corporate benefits have been allotted by the Issuer and/or the RTA, the resolution of such claim, demand or dispute and the resultant liability, if any, arising therefrom, shall be the joint responsibility of the Issuer and the RTA and IIDIL shall not in any manner be liable, responsible or answerable in that behalf.
- 14.2 Should any claim, demand or dispute be raised by any party or person in respect of any securities that have been rematerialised, barring any error or inaccuracy in the particulars contained in the RRF, the resolution of such claim, demand or dispute and the resultant liability, if any, arising therefrom, shall be the joint responsibility of the Issuer and the RTA and IIDIL shall not in any manner be liable, responsible or answerable in that behalf.
- 14.3 It shall be the joint responsibility of the Issuer and the RTA to compensate any party or person aggrieved by reason of the Issuer and/or the RTA permitting dematerialisation or rematerialisation of any securities in respect of which any direction, order or decree of any court or tribunal or IFSCA or Central or State Government or any other statutory or revenue authority stopping or restraining transfer or any order of attachment or any other prohibitory order is in force at the time of such dematerialisation or rematerialisation and the same has been served upon or otherwise intimated to the Issuer and/or the RTA.

**15 Reconciliation of Records****ANNEXURE F**

- 15.1 The RTA shall reconcile the record of dematerialised securities with all the securities issued by it, on a daily basis in accordance with the Bye Laws.

**16 Inspection by IIDIL**

- 16.1 IIDIL shall be entitled to carry out inspection of the facilities, systems, records and books of the RTA relating to all dealings of the Issuer with it through such persons as may be authorised in that behalf by IIDIL and the RTA shall permit the persons so authorised, entry into his/its premises during regular business hours on any working day and shall allow access to its facilities, systems, records and books and permit copies thereof to be made.

**17 Events requiring immediate intimation by the Issuer to IIDIL**

- 17.1 The Issuer shall notify IIDIL forthwith:
- 17.1.1 upon a petition for winding-up of the Issuer being presented in any court or a resolution being passed for winding up of the Issuer;
  - 17.1.2 any scheme being framed for merger, amalgamation or reconstruction of the Issuer;
  - 17.1.3 on its becoming aware of the presentation of any application or petition for its bankruptcy, insolvency, liquidation or attachment of its property;
  - 17.1.4 upon its becoming aware of any distress, execution, attachment or other process being threatened or levied by any statutory or revenue authority against the Issuer or its property for recovery of any taxes, duties, levies, penalties, cesses or dues;
  - 17.1.5 upon any application being presented to any court for attachment of the assets or properties of the Issuer;
  - 17.1.6 in case of any change in its financial conditions which may lead to its insolvency or winding-up or if it suffers a composition with its creditors;
  - 17.1.7 upon convening of any meeting to consider a resolution for the appointment of a liquidator or receiver or administrator in respect of any of its properties or any other change in circumstances which could materially affect the business of the Issuer;
  - 17.1.8 upon a receiver or administrator being appointed by any court in respect of the assets or properties of the Issuer;
  - 17.1.9 upon any notice being received by the Issuer from any stock exchange on which any securities issued by the Issuer are listed or permitted to be traded, suspending trading or terminating listing of such securities on that exchange, including any show- cause or other notice threatening such action;
  - 17.1.10 upon the Issuer becoming aware of any event or occurrence which is reasonably likely to materially affect its commercial viability or existence or its ability to perform its obligations under this Agreement;
  - 17.1.11 any increase in or reduction of share capital or any other securities issued by the Issuer, and all Corporate Actions proposed to be undertaken by the Issuer;
  - 17.1.12 any unreconciled balances reported during the process of reconciliation on a daily basis.

**18 Events requiring immediate intimation by the RTA to IIDIL**

- 18.1 The RTA shall notify IIDIL forthwith:
- 18.1.1 in case the RTA is an individual, in the event of his incapacity to act as such;
  - 18.1.2 in case the RTA is a partnership firm, in the event of dissolution of the firm or a notice being served under section 43 of the Indian Partnership Act, 1932 or a suit being filed under section 44 of the Indian Partnership Act, 1932;
  - 18.1.3 in case the RTA is a company or a body corporate, upon a petition for winding up being presented in any court or a resolution being passed for winding up of the RTA;
  - 18.1.4 any scheme being framed for merger, amalgamation or reconstruction of the RTA;
  - 18.1.5 on his/its becoming aware of the presentation of any application or petition for its bankruptcy, insolvency, liquidation or attachment of its property;
  - 18.1.6 upon his/its becoming aware of any distress, execution, attachment or other process being threatened or levied by any statutory or revenue authority against the RTA or his/its property for recovery of any taxes, duties, levies, penalties, cesses or dues;



- 18.1.7 upon any application being presented to any court for attachment of the assets or properties of the RTA;
- 18.1.8 in the case of any change in his/its financial conditions which may lead to its insolvency or dissolution or winding-up or if it suffers a composition with its creditors;
- 18.1.9 upon the convening of any meeting to consider a resolution for the appointment of a liquidator or receiver or administrator in respect of any of its properties or any other change in circumstances which could materially affect its capacity to act as a RTA and/or share transfer agent;
- 18.1.10 upon a receiver or administrator being appointed by any court in respect of the assets or properties of the RTA;
- 18.1.11 in the event of the RTA being an intermediary (in any capacity other than as a registrar and/or transfer agent) as contemplated under applicable law, upon suspension or termination or de-registration of the RTA as such intermediary by IFSCA or any other regulatory body or authority empowered to do so;
- 18.1.12 upon the RTA becoming aware of any event or occurrence which is reasonably likely to materially affect his/its commercial viability or existence or its ability to perform its obligations under this Agreement or which constitutes a material adverse change in the eligibility criteria laid down by IFSCA or by other regulatory authority under any law in force for the time being;
- 18.1.13 any increase in or reduction of share capital or any other securities issued by the Issuer, and all Corporate Actions proposed to be undertaken by the Issuer;
- 18.1.14 any unreconciled balances reported during the process of reconciliation on a daily basis.

#### **19 Authorised Representatives**

- 19.1 The Issuer and the RTA shall, simultaneously with the execution of this Agreement furnish to IIDIL, a list of officials authorised by the Issuer and the RTA, who shall represent and interact on behalf of the Issuer and the RTA with IIDIL. Any changes in such list including additions, deletions or alterations thereto shall be forthwith communicated to IIDIL.

#### **20 Confidentiality**

- 20.1 The parties hereto shall keep strictly confidential all technical and business information including but not limited to that which may be disclosed or confided to it by the other in the course of the performance of the obligations under this Agreement or under the Bye Laws and none of the parties hereto shall disclose the same to any third party without prior approval of the other party hereto.
- 20.2 Any party hereto shall be at liberty to permit inspection or allow extracts to be made at any time of such details, particulars, data or information relating to any beneficial owner and/or his account to such extent and in such manner as may be required by any law in force for the time being and to provide or disclose such details, particulars, data or information relating to any beneficial owner and/or his account as may be required or directed by any court, tribunal, Central or State Government, IFSCA or any regulatory or revenue authority empowered by law in that behalf or as may be required for compliance with any obligations in law or for enforcement of any of its rights or for protection of its interest without reference or recourse to the other provided however that save and except as mentioned hereinabove, the Issuer and/ or the RTA shall not divulge or permit or suffer to be disclosed any such details, particulars, data or information relating to any beneficial owner and/or his account, to any party or person and shall hold such details, particulars, data and information in strict confidence.

#### **21 Change in address**

- 21.1 The Issuer and the RTA shall inform IIDIL of any proposed change in the address of the Office/ Registered Office of the Issuer and the RTA as also of any change of the location of the premises where the equipment for maintenance of computerized records, back-up facilities and communication with IIDIL are situated, at least 30 (thirty) days before the date of such change.

#### **22 Back-up facilities**

- 22.1 The RTA shall strictly follow the back-up procedure recommended by IIDIL. A copy of the latest back-up of the data base shall at all times be maintained at a remote site. IIDIL shall not be liable to the RTA for any loss or damage arising out of failure on the part of the RTA to maintain up to date back-up of the computer programme and the relevant data.
- 22.2 The RTA shall permit access to any person/s designated by IIDIL to inspect his/its back-up facilities and shall make available to IIDIL such extracts or reports of the records maintained at the said back-up facilities as may be required by IIDIL.

**23 Disaster Recovery Plan****ANNEXURE F**

- 23.1 The RTA shall forthwith inform IIDIL of any loss or failure of connectivity between the RTA and IIDIL.
- 23.2 The RTA shall strictly adhere to such plan, scheme or procedure (to be known as “**Disaster Recovery Plan**”) as IIDIL may specify in that behalf for meeting any situation or eventuality resulting in loss of connectivity or failure of communication, loss or corruption of data or loss or damage to equipment, hardware or software whether by reason of any technical failure, unauthorised access, calamity, accident, sabotage or disaster or otherwise.

**24 Redressal of grievances / complaints of beneficial owners**

- 24.1 All grievances/complaints of beneficial owners in respect of the securities as pertain to the matters within the exclusive domain or control of the Issuer/RTA shall be attended to and resolved by the Issuer/RTA within 30 (thirty) days of such grievance/complaint being brought to the notice of the Issuer/RTA and in respect of all other grievances/ complaints the Issuer/RTA shall expeditiously pursue the resolution of the grievance/ complaint with IIDIL and the concerned participant/s or the Clearing Corporation as may be necessary in that behalf. The Issuer/RTA shall keep IIDIL informed about the number and nature of grievances redressed by it and the number of grievances pending before it.

**25 Prohibition against Assignment etc.**

- 25.1 The functions, rights or obligations under this Agreement shall not be assigned or delegated to any party or person by the RTA without the express prior written consent of IIDIL. Any purported assignment or delegation in contravention of the terms of this Agreement shall be null and void. For the purpose of this clause, any substantial change in the share holding pattern or the constitution of the Board of Directors or in the composition of the partnership of the RTA shall constitute an assignment of the business.

**26 Joint Liability**

- 26.1 Notwithstanding anything contained herein or in any agreement between the Issuer and the RTA, the Issuer and the RTA shall be jointly and severally responsible and liable to IIDIL, its participants and beneficial owners for compliance with all obligations under this Agreement as also under the Bye Laws and Operating Instructions.

**27 Termination**

- 27.1 Neither the Issuer nor the RTA shall terminate this Agreement or arrangement with each other in respect of the securities unless and until IIDIL shall have been intimated of the proposed termination at least 1(one) month prior to the termination and the Issuer shall have either caused some other RTA to enter into a similar tripartite agreement with IIDIL or the Issuer shall have entered into a bipartite agreement with IIDIL in the manner specified in the Bye-Laws in respect of the securities. Upon failure of an Issuer to either cause some other RTA to enter into a tripartite agreement with IIDIL or itself enter into a bipartite agreement with IIDIL on or before the expiry of the stipulated period, the Issuer shall be deemed to have entered into bipartite agreement with IIDIL and IIDIL shall create an RTA ID for that issuer with description as “Issuer Name – Closed/Non-Functional/Terminated RTA” and the link of ISIN of the Issuer shall be changed from its existing RTA ID to the new RTA ID of “Issuer Name Closed/Non-Functional/Terminated RTA”. The dematerialisation and rematerialisation requests will not be processed till Issuer appoints another RTA who in turn enters into a tripartite agreement or Issuer enters into a bipartite agreement with IIDIL.
- 27.2 IIDIL may, at any time, terminate this Agreement if it is of the opinion that the RTA is in breach or default of the Act, Regulations, Bye-Laws or Operating Instructions or of the terms and conditions of this Agreement contained herein or is otherwise conducting itself in a manner which is not conducive to the orderly functioning of IIDIL. In such event, IIDIL shall issue a notice of termination to the RTA effective upon the expiry of 30 (thirty) days from the date of service on the RTA and shall simultaneously serve notice on the Issuer calling upon the Issuer to either cause some other RTA/Share Transfer Agent, as the case may be, to enter into a similar tripartite agreement with IIDIL or itself enter into a bipartite agreement with IIDIL on or before the expiry of the said period of 30 (thirty) days. Upon failure of an Issuer to either cause some other RTA to enter into a tripartite agreement with IIDIL or itself enter into a bipartite agreement with IIDIL on or before the expiry of the stipulated period, the Issuer shall be deemed to have entered into bipartite agreement with IIDIL and IIDIL shall create an RTA ID for that issuer with description as “Issuer name – Closed/Non-Functional/Terminated RTA” and the ISIN of the issuer shall be changed from its existing RTA ID to the new RTA ID of “Issuer name - Closed/Non-Functional/Terminated RTA”. The dematerialisation and rematerialisation requests will not be processed till the Issuer appoints another RTA who in turn enters into a tripartite agreement or the Issuer enters into a bipartite agreement with IIDIL.

- 27.3 In the event of termination as aforesaid, the RTA shall be required to meet all its outstanding obligations to IIDIL, whether incurred while the RTA was acting as such or incurred thereafter but arising out of any action, transaction or dealings by the RTA during the subsistence of this Agreement provided however that in the event of the RTA failing to carry out its outstanding obligations as aforesaid, the Issuer shall itself carry out such outstanding obligations.
- 27.4 Notwithstanding termination of this Agreement by IIDIL or by the RTA, the provisions of this Agreement and all mutual rights and obligations arising therefrom shall, except in so far as the same is contrary to or inconsistent with such termination, continue to be binding on the parties in respect of all acts, deeds, matters and things done and transactions effected during the period when this Agreement was effective.

## 28 Indemnity

- 28.1 The Issuer and the RTA do jointly and severally agree and undertake to indemnify and keep indemnified and saved harmless IIDIL, its employees or servants from and against all claims, demands, penalties, suits, action, litigation, arbitration, prosecution and any proceedings whatsoever and all costs, charges and expenses relating thereto and any harm, loss, damage or injury suffered or incurred by IIDIL and/or any of its participants by reason of or as a consequence of the Issuer and/or the RTA furnishing any false or incorrect information to IIDIL or permitting dematerialisation or rematerialisation of securities in breach of any order, decree, injunction, covenant or law in force or permitting dematerialisation of securities on the strength of certificates or documents which are found to be forged, counterfeit, fake or cancelled or in respect of which duplicates/ replacements / renewals have been issued or the Issuer and/or the RTA otherwise committing any default in observance of its obligations under the Bye Laws or Operating Instructions or under this Agreement.
- 28.2 IIDIL agrees and undertakes to indemnify and keep indemnified and saved harmless the Issuer and the RTA from and against all harm, loss, damage or injury, claims, demands, suits, actions, litigations, prosecutions and all other proceedings whatsoever and all cost, charges and expenses relating thereto suffered and incurred by the Issuer and the RTA by reason of or as a consequence of any breach, default or negligence on the part of IIDIL, its employees or servants in complying with its obligations under the IFSCA Act, the MII Regulations, the Bye Laws, this Agreement or Operating Instructions.

## 29 Stamp duty

- 29.1 Any stamp duty (including interest or penalty levied thereon) payable on this Agreement and/or any deed, document or writing executed in pursuance hereof between the parties hereto shall be borne and paid by the Issuer/RTA.

## 30 Force Majeure etc.

- 30.1 Notwithstanding anything contained herein or in the Bye Laws, none of the parties hereto shall be liable to indemnify or compensate the other for any breach, nonperformance or delay in performance of any obligations under this Agreement or for any harm, loss, damage or injury caused to the other due to causes reasonably beyond its control including but not limited to tide, storm, cyclone, flood, lightning, earthquake, fire, blast, explosion or any other act of God, war, rebellion, revolution, insurrection, embargo or sanction, blockade, riot, civil commotion, labour action or unrest including strike, lock-out or boycott, interruption or failure of any utility service, enemy action, criminal conspiracy, act of terrorism or vandalism, sabotage, hacking, unanticipated technological or natural interference or intrusion, loss or damage to satellites, loss of satellite linkage or any other data communications linkage, loss of connectivity or any other irresistible force or compulsion.

## 31 Service of Notice

- 31.1 Any notice or communication required to be given under this agreement shall be in writing, and shall be legally effective only when it is delivered to the addressee at the last known address in the manner prescribed in the operating instructions.

## 32 Severability

- 32.1 If any provision of this Agreement shall be held or adjudged by any competent court, tribunal or regulatory authority to be unlawful, void or unenforceable or if any such provision is rendered void or unenforceable by reason of any statutory amendment, notification or any judicial decision, such provision shall to the extent required be severed from this Agreement and rendered ineffective as far as possible without modifying the remaining provisions of this Agreement but shall not in any way effect the validity or enforcement of the rest of the provisions of this Agreement which shall continue to apply with full force and effect.

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**33 Amendments/Modifications at IFSCA's instance to be binding**

ANNEXURE F

- 33.1 The parties hereto shall be bound by any additions, alterations, modifications, amendments or deletions to this Agreement or to any provisions thereof as may be required or directed by IFSCA and shall execute all such deeds, documents or writings as may be required for giving effect thereto.

**34 No Waiver**

- 34.1 None of the parties hereto shall be deemed to have waived, abandoned or relinquished any right, power, privilege or remedy available to it under this Agreement or in law except by a writing executed in that behalf and no failure or delay on the part of any of the parties hereto in the exercise of such right, power, privilege or remedy shall operate as a waiver thereof or as a waiver of any preceeding or succeeding breach by the other party to this Agreement nor shall any single or any partial exercise of any right, power, privilege or remedy preclude any other or further exercise of such or any other right, power, privilege or remedy available under this Agreement or otherwise available in law or in equity it being agreed that all such rights, powers, privileges and remedies are several and cumulative of each other.

**35 Arbitration and Conciliation**

- 35.1 The parties hereto shall, in respect of all disputes and differences that may arise amongst them abide by the provisions relating to arbitration and conciliation specified under the Bye Laws. The place of arbitration shall be Gandhinagar.

**36 Governing Language**

- 36.1 All deeds, documents and writings that may be executed and all correspondence that may be exchanged between the parties hereto in relation to the subject matter of this Agreement shall be in English language, which shall be the governing language between the parties hereto.

**37 Governing Law**

- 37.1 This Agreement shall be governed by and construed in accordance with the laws in force in India.

**38 Jurisdiction**

- 38.1 The parties hereto agree to submit to the exclusive jurisdiction of the courts in Gandhinagar.

**39 Headings**

- 39.1 The headings in this Agreement are for convenience and reference only and shall in no way affect the construction or interpretation of this Agreement.

**40 Interpretation**

- 40.1 Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and vice versa and any reference to any statute, enactment or legislation or any provision thereof shall include any amendment thereto or any re-enactment thereof.

**41 Execution of Agreement**

- 41.1 This Agreement is executed in triplicate and a copy each shall be retained by each of the parties hereto.

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IN WITNESS WHEREOF the parties hereto have hereunto set and subscribed their respective hands and seals to this Agreement in triplicate on the day, month, year and place first hereinabove mentioned.

**SIGNED AND DELIVERED** )

by the within named "IIDIL" )

**India International Depository IFSC Limited)**

by the hand of its authorised )

representative Shri[•] )

in the presence of )

1.

2.

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SIGNED AND DELIVERED )  
by the within named "Issuer" )  
[•] )  
by the hand of its authorised )  
representative Shri[•] )  
in the presence of )  
1.  
2.

ANNEXURE F

SIGNED AND DELIVERED )  
by the within named "RTA" )  
[•] )  
by the hand of its authorised )  
representative Shri[•] )  
in the presence of )  
1.  
2.

#### Important Instructions:

1. Agreement to be executed on the stamp paper of such amount as may be specified from time to time under applicable law.
2. All pages of the agreement should be stamped and signed.
3. Name and signature of the witness should be present on the last page of Agreement.
4. All the copies should be stamped and signed in original.

#### Agreement between India International Depository IFSC Limited and Vault Manager

This Agreement made and entered into at [•] this [•] day of [•], 20[•] between:

**INDIA INTERNATIONAL DEPOSITORY IFSC LIMITED**, a company incorporated under the Companies Act, 2013, having its registered office at Unit-310 & 311, 3rd Floor, Signature Tower Block-13, Road 1C, Zone-1, GIFT SEZ, Gift City Gandhinagar- 382355, (hereinafter called "**IIDIL**") **OF THE ONE PART;**

**AND**

[•] (description of the legal entity) having its office/ registered office at [•], (hereinafter called the "**Vault Manager**") **OF THE OTHER PART.**

**WHEREAS IIDIL** provides depository services in the International Financial Service Centre ("**IFSC**") in relation to Bullions to be held in dematerialized form (i.e in the form of Bullion Depository Receipts) in IIDIL.

**AND WHEREAS** the Vault Manager is mandatorily required to enter into an agreement with IIDIL for empanelment with IIDIL for carrying on vaulting business and providing facility for storage of Bullion in respect of which Bullion Depository Receipts to be issued by IIDIL, as per the applicable laws.

**NOW THEREFORE** in pursuance of the International Financial Services Centres Authority Act, 2019 ("**IFSCA Act**") read with the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020 ("**Bullion Exchange Regulations**") and the Operating Guidelines on Bullion Exchange, Bullion Clearing Corporation, Vault Manager & Bullion Depository issued on August 25, 2021 ("**Operating Guidelines**"), and in consideration of the mutual promises herein contained, the parties hereto do hereby agree and covenant with each other as follows:

#### 1 General Clauses

- 1.1 Words and expressions used but not defined in this Agreement but defined under applicable law shall have the same meaning respectively assigned to them under the said legislations in the following order of priority, the International Financial Services Centres Authority Act, 2019 and rules and regulations made thereunder by International Financial Services Centres Authority ("**IFSCA**") and / or Central



Government thereunder read with the International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020, Operating Guidelines on Bullion Exchange, Bullion Clearing Corporation, Vault Manager & Bullion Depository issued on August 25, 2021 issued by the IFSCA and all other rules, regulations, instructions, orders, circulars, guidelines and/or directions issued/ may be issued by the IFSCA and/or Central Government from time to time.

- 1.2 The Vault Manager represents, covenants, warrants that it shall fulfil all the applicable laws in relation to its business and be bound by IFSCA Act read with Bullion Exchange Regulations and the Operating Guidelines and other applicable laws as may be applicable to its business carried out in IFSC and agree to abide by the Bye Laws and the Bullion Operating Instructions, notices, circulars, communications, directions, similar orders, issued from time to time by IIDIL in the same manner and to the same extent as if the same were set out herein and formed part of this Agreement.
- 1.3 The obligations on the part of the Vault Manager herein contained are a reiteration of and/or are in addition to the obligations contained in the Bye Laws and the Bullion Operating Instructions, and the omission of one or more of such obligations from this Agreement shall not in any manner be construed as a waiver of such obligations as are not herein contained.

## **2 Appointment of Vault Manager and exclusivity**

- 2.1 Subject to the terms and covenants of this Agreement and relying, inter alia, upon the representations, warranties, covenants and undertakings of the Vault Manager as set out in this Agreement, IIDIL hereby agrees to appoint the Vault Manager, and Vault Manager accepts such appointment, to provide vaulting services to IIDIL in accordance with the terms of this Agreement.
- 2.2 Vault Manager hereby agrees and confirms that nothing in this Agreement shall limit IIDIL's right to appoint any other person/ entity for providing the same vaulting services as being provided to IIDIL by the Vault Manager under this Agreement.

## **3 Storing of Bullion**

- 3.1 The Vault Manager agrees to store Bullion as identified in Schedule 1 to this Agreement and as may be agreed between IIDIL and Vault Manager from time to time and in the manner and subject to such security measures as may be prescribed by IIDIL/ IFSCA.

## **4 Duties and Obligations of Vault Manager**

The Vault Manager agrees and undertakes to:

- 4.1 comply with the "fit and proper criteria" specified under the Bullion Exchange Regulations and/or by IFSCA from time to time.
- 4.2 maintain the minimum net worth as may be prescribed by IFSCA from time to time.
- 4.3 pay a refundable security deposit to IIDIL on the execution of this Agreement of such amount as may be prescribed under the Operating Guidelines and agrees to furnish such further security deposits as may be prescribed by IIDIL/ IFSCA from time to time.
- 4.4 adopt the principles of good delivery prescribed by the Bullion Exchange/ IFSCA, from time to time.
- 4.5 always comply with eligibility requirements as may be prescribed under Bullion Exchange Regulations read with the Operating Guidelines, as amended from time to time and shall put in place appropriate internal systems and controls to monitor its compliance with the requirements prescribed under applicable laws.
- 4.6 meet vaulting standards specified under the Operating Guidelines and as specified by IIDIL and IFSCA from time to time, including standards in respect of response(s) to legitimate complaints about physical Bullion quality, minimum annual volume requirements and financial standards.
- 4.7 to adopt all the guidelines and the standard operating procedures as maybe specified by IIDIL/ IFSCA from time to time.

## **5 Infrastructure requirements**

- 5.1 The Vault Manager agrees and undertakes to have a reasonable facility, preferably subterranean and infrastructure for proper handling and storage of physical Bullion as mentioned under the Operating Guidelines, to the satisfaction of IIDIL.
- 5.2 Vault Manager undertakes to provide a fully secured indoor facility for the storage of Bullion as per specifications prescribed by IIDIL/ IFSCA. Such vault for physical Bullion must be accessible by an armoured vehicle, to the satisfaction of IIDIL.

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- 5.3 Vault Manager agrees have adequate security personnel with required facilities for immediate communication in case of any unlawful entry, burglary, theft or damage or potential loss to the deposited physical Bullion, to the satisfaction of IIDIL.
- 5.4 Vault Manager shall make provision to accommodate two separate power supplies, one for main lighting/fans and other for sensors, cameras, etc. All electrical wiring inside vault shall be as per the state-of-the-art safety standards, to the satisfaction of IIDIL.
- 5.5 The Vault Manager agrees and undertakes that it shall, from time to time, at its own cost, carry out such addition, modification, upgradation or replacement of the infrastructure as may be specified by IIDIL/IFSCA, to the satisfaction of IIDIL.

#### 6 Hardware and Software installation by Vault Manager

- 6.1 Vault Manager shall install and maintain at its premises all systems, mechanism and related IT infrastructure required to provide encrypted transmission of information to IIDIL and system-based reconciliation of data between the Vault Manager and IIDIL, to the satisfaction of IIDIL.
- 6.2 The Vault Manager agrees to adhere to the guidelines developed by IIDIL from time to time regarding automatic data processing systems and record keeping, to the satisfaction of IIDIL, including but not limited to:
  - 6.2.1 details of hardware, software and communications systems, their capability, function and location;
  - 6.2.2 details of data storage and back up procedures and sites, their capability, function and location;
  - 6.2.3 details of disaster recovery systems and procedures.
- 6.3 The Vault Manager agrees and undertakes that it shall, from time to time, at its own cost, carry out such addition, modification, upgradation or replacement of the said hardware and/or software as may be specified by IIDIL/IFSCA, to the satisfaction of IIDIL.

#### 7 Deposit and withdrawal of Bullion

- 7.1 The Vault Manager shall, at the time of deposit of the Bullion ensure that the physical Bullion meets the technical specifications as may be specified by the Bullion Exchange and IFSCA from time to time. In case of any dispute with respect to the technical specifications specified by the Bullion Exchange, the Vault Manager shall get the physical Bullion assayed by an assayer recognized and approved by IIDIL. Further, if the Vault Manager is of the opinion that the physical Bullion does not conform to any of the technical specifications specified by the Bullion Exchange pursuant to Applicable Laws, the Vault Manager shall make a written request to IIDIL to appoint an independent inspectors/assayer to examine such physical Bullion and express an opinion as to whether the physical Bullion is acceptable for good delivery purposes.
- 7.2 Vault Manager shall, before accepting physical Bullion from a depositor, ensure that the physical Bullion meets the technical specifications specified by the Bullion Exchange from time to time.
- 7.3 On receiving the physical Bullion, Vault Manager shall electronically provide following details of the said Bullion to IIDIL.
  - 7.3.1 Name & address of the Beneficial Owner.
  - 7.3.2 Details of the Vault Manager.
  - 7.3.3 Details of the refiner whose markings are engraved on the physical bars.
  - 7.3.4 The serial numbers provided by the refiner and engraved on the physical bars.
  - 7.3.5 The purity of the bar in parts per 1000 viz. 995/1000, 999/1000, 999.9/1000 etc.
  - 7.3.6 Weight of the physical bar denominated in grams, kilograms or ounces, as the case may be.

In addition to the aforesaid, the Vault Manager shall provide such further details of the Bullion being held in the vault as may be prescribed by IIDIL/IFSCA from time to time, to the satisfaction of IIDIL.

- 7.4 The Vault Manager shall not make any change in the information contained in a Bullion Depository Receipt issued by IIDIL.
- 7.5 The Vault Manager shall share information regarding deposit and withdrawal of Bullion by the Depositor in such manner as prescribed by IIDIL from time to time and to the satisfaction of IIDIL.
- 7.6 The storage of Bullion and Bullion Depository Receipt by the Vault Manager shall be as prescribed under applicable law and to the satisfaction of IIDIL.

- 7.7 The withdrawal of Bullion from the vault and extinguishment of Bullion Depository Receipt shall be as per the procedure laid down under the Bye Laws, Bullion Operating Instructions, Operating Guidelines and as may be prescribed by IIDIL/ IFSCA from time to time, to the satisfaction of IIDIL.
- 7.8 On the withdrawal of Bullion from the Vault, the Vault Manager shall intimate the same to IIDIL.
- 7.9 Where the Vault Manager refuses or fails to deliver the Bullion in compliance with the provisions of the Bullion Exchange Regulations and / or Bye Laws and /or Bullion Operating Instructions, the burden of proof shall lie on the Vault Manager to establish the existence of a lawful excuse for the refusal or failure.
- 7.10 The Vault Manager agrees and undertakes that it shall, from time to time, at its own cost, carry out such additional functions as may be specified by IIDIL/ IFSCA in relation to deposit and withdrawal of Bullion, to the satisfaction of IIDIL.

## 8 Refiners

- 8.1 Vault Manager shall with the consent of IIDIL maintain an integrated database of the refiners whose Bullion are to be acceptable towards trading on the Bullion Exchange, in the manner as specified by IFSCA from time to time.
- 8.2 The Vault Manager shall be responsible for establishing supply chain integrity by verifying the details of the refiner with the system-based electronic database provided by IIDIL of refiners accredited to the good delivery standards, as prescribed by the Bullion Exchange.

## 9 Appointment of compliance officer

- 9.1 The Vault Manager shall appoint a compliance officer or such other key personnel as may be required under the Bullion Exchange Regulations and/or Bye Laws and /or Bullion Operating Instructions and/ or Operating Guidelines, from time to time, to ensure compliance with the IFSCA Act and the rules, regulations and guidelines framed thereunder.

## 10 Conduct

In the conduct of its vaulting business, the Vault Manager agrees and undertakes that it shall:

- 10.1 deal only in physical Bullion that may be specified by IIDIL from time to time;
- 10.2 deliver the physical Bullion referred to in a Bullion Depository Receipt, to the holder of the Bullion Depository Receipt on demand made by the holder after satisfying the vaulting lien;
- 10.3 ensure that the Bullion Depository Receipt holder, on receiving the physical Bullion from the Vault Manager, acknowledges the receipt of the physical Bullion in a form and manner prescribed by IIDIL, to the satisfaction of IIDIL;
- 10.4 takes necessary actions to maintain the quality and quantity of physical Bullion stored in the vault;
- 10.5 inform IFSCA through IIDIL / Bullion Exchange of any damage to metal held in store by it, whenever such damage occurs to an extent that will render the metal undeliverable;
- 10.6 maintain and record a complete and accurate set of records and accounts of all transactions pertaining to the operation of a vault as per the requirements that IIDIL/ IFSCA may specify from time to time;
- 10.7 ensure that the physical inventory tallies exactly with the record on a daily basis;
- 10.8 seek prior approval of the authority for increasing the capacity or area of the existing vault;
- 10.9 maintain effective control of all vault storage space;
- 10.10 have adequate internal controls to prevent any manipulative activity;
- 10.11 carry out periodic checks to ensure that all the equipment are in working condition;
- 10.12 provide necessary assistance in the execution of inspections and audits by IFSCA;
- 10.13 resolve grievances, if any, efficaciously;
- 10.14 not differentiate among depositors regarding the use of and access to a vault;
- 10.15 not store physical Bullion belonging to itself in the vault;
- 10.16 not sell, remove or dispose or create any interest in the physical Bullion deposited in the vault, including by way of pledge or hypothecation, for the purpose of trading on the BullionExchange except as permitted IFSCA;
- 10.17 act with integrity, which includes adopting the best and responsible business practices;
- 10.18 conduct its vaulting business with due skill, care and diligence;

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- 10.19 take reasonable care to organise and control its affairs effectively, with adequate risk management systems.
- 10.20 maintain adequate financial resources and records as may be prescribed under the Bullion Exchange Regulation and/or the Bye Laws and/or the Bullion Operating Instructions and/or the Operating Guidelines;
- 10.21 observe proper standards of market conduct.

#### 11 Costs, Fees and Charges

- 11.1 The Vault Manager shall pay to IIDIL such fees, costs, charges, and deposits as may be specified by IIDIL from time to time for Vault Manager, including the fees/costs/charges/deposits which are specified by IFSCA or are required to be paid in terms of Applicable Laws. However, prior to the levy of any new/ revised fees, costs, charges or deposits by IIDIL, IIDIL shall give a prior notice of 30 (thirty) days to the Vault Manager before levying of such fees, costs, charges or deposits. In the event of the Vault Manager failing to make payment of any such fees, costs, charges, or deposits, as the case may be, on or before the respective due dates, IIDIL shall be entitled to charge interest/penalty/fines on any delayed payments at the rate as may be prescribed by IIDIL.

#### 12 Inspection and access to premises

- 12.1 Vault Manager shall allow authorized personnel of IIDIL or any other external agency as may be identified by IIDIL (“**External Agency**”), for inspection pursuant to the Bye-Laws and/or under Applicable Laws and/or as directed by IFSCA, to have an access (physical or electronic) to premises, facilities, data systems, data storage sites and any other facilities related to the electronic data communication network connecting IIDIL with the Vault Manager to reconcile the Bullion Depository Receipts issued with the physical Bullion on the given day.
- 12.2 The Vault Manager shall, and shall cause its directors, officers, advisors, representatives and employees to produce before the inspecting officer appointed by IFSCA, IIDIL or the External Agency, as the case may be, for inspection, such books of accounts, records and other documents in their custody or control and furnish him with such statements and information relating to their activities as Vault Manager, as the inspecting officer may require, within such reasonable period as the inspecting officer may specify. The Vault Manager shall allow the inspecting officer to have reasonable access to the premises occupied by it or by any other person on its behalf and also extend reasonable facility for examining the books, records, documents and computer data in the possession of the Vault Manager or such other person and also provide copies of documents or other materials which in the opinion of the inspecting officer are relevant for the purposes of the inspection. The Vault Manager shall cause its directors, officers and employees to give to the inspecting officer all assistance in connection with the inspection, which the inspecting officer may reasonably require.

#### 13 Insurance

- 13.1 The Vault Manager shall at all times ensure to fully cover under insurance, the value of physical Bullion stored in its vaults against all potential perils relevant to the Bullion for which insurance cover is available and necessary, to the satisfaction of IIDIL.
- 13.2 The Vault Manager shall undertake to keep insurance cover for risks such as fire and allied perils including flood, cyclone, earthquake and spontaneous combustion, burglary and theft and special perils covering riots, strikes, terrorism and also to keep adequate insurance to cover and mitigate additional risks as may be specified by IIDIL from time to time, to the satisfaction of IIDIL.
- 13.3 The Vault Manager shall take fidelity guarantee & crime insurance and professional indemnity cover, to cover all deliverable stocks of physical Bullion held by the Vault Manager.
- 13.4 The value of physical Bullion to be insured should be marked to market on replacement value on an ongoing basis.
- 13.5 Vault Manager shall provide information regarding the insurance coverage of the physical Bullion to IIDIL quarterly or at such interval as may be specified by IIDIL from time to time.

#### 14 Confidentiality

- 14.1 The Vault Manager undertakes, on behalf of itself and all its employees including directors and agents, that it shall not reveal any information regarding customers who have dealings with the vault or regarding Bullion deposits or withdrawals by them to any person except as permitted by the IFSCA /Bullion Exchange/ IIDIL.
- 14.2 The Vault Manager shall establish such mechanism to protect the confidentiality of the users of the vaulting system as may be required by IFSCA/ IIDIL from time to time.

- 14.3 The parties hereto shall keep strictly confidential all technical and business information including but not limited to that which may be disclosed or confided to it by the other in the course of the performance of the obligations under this Agreement or under the Bye Laws and neither party hereto shall disclose the same to any third party without prior approval of the other party hereto.

#### **15 Segregation of activities**

- 15.1 Where a Vault Manager is carrying on any activity besides vaulting services, then Vault Manager agrees to separate and segregated the activities relating to its business as Vault Manager from all other activities including earmarking separate space for storage of physical Bullion for trading of Bullion Depository Receipt and storage of goods for its other businesses related to precious metals.

#### **16 Code of conduct**

- 16.1 Vault Manager agrees and undertakes to abide by the Code of Conduct as set out under the Bullion Exchange Regulations, the Operating Guidelines, Bye Laws and/or Bullion Operating Instructions and/or as may be issued by IFSCA/ IIDIL from time to time.

#### **17 Maintenance of records and its reconciliation**

- 17.1 The Vault Manager shall maintain such records and returns for such period as may be prescribed by IIDIL/ IFSCA from time to time.
- 17.2 Vault Manager shall undertake physical reconciliation of deposited physical Bullion with the corresponding record of Bullion Depository Receipts with IIDIL from time to time as may be prescribed under the Bye Laws/ Bullion Operating Instructions.

#### **18 Liability**

- 18.1 Vault Managers shall have the liabilities as specified under the Bullion Exchange Regulations/ Operating Guidelines/ Bye Laws/ Bullion Operating Instructions.

#### **19 Representation, Warranties and Covenants**

- 19.1 The Vault Manager represents, warrants, covenants and undertakes to IIDIL on the date of execution of this Agreement until terminated in terms hereof:
- 19.1.1 the Vault Manager is duly organised, validly existing and good standing under the applicable laws and has the full power and authority, to enter into, execute and deliver this Agreement and to perform the transactions contemplated hereby;
  - 19.1.2 the execution and delivery by the Vault Manager of this Agreement and the performance by the Vault Manager of the transactions contemplated hereby have been duly authorised by all necessary corporate or other action of the Vault Manager;
  - 19.1.3 this Agreement constitutes the legal, valid and binding obligation of the Vault Manager, enforceable against the Vault Manager in accordance with its terms;
  - 19.1.4 the Vault Manager has the necessary expertise, requirements, security parameters, eligibility criteria, finance, infrastructure and resources for carrying out its obligations under the applicable laws, including the Bullion Exchange Regulations, Operating Guidelines, Agreement/ Bye Laws/ Bullion Operating Instructions.
- 19.2 Notwithstanding anything to the contrary contained herein, each of the representations and warranties shall be separate and independent and, shall not be limited by reference to any other clause, paragraph or anything in this Agreement.

#### **20 Indemnity**

- 20.1 The Vault Manager agrees and undertakes to indemnify and keep indemnified and saved harmless IIDIL, its employees, agents, advisors, affiliates, members, director and officers from and against all claims, demands, penalties, suits, action, litigation, arbitration, prosecution and any proceedings whatsoever and all costs, charges and expenses relating thereto and any harm, loss, damage or injury suffered or incurred by IIDIL, directly or indirectly, including by a third party, by reason of or as a consequence of or arising out of any act or omission or breach or misrepresentation or default by the Vault Manager (including its employees, directors, members, partners, owners, agents, advisors, representatives, affiliates) of any of the terms of this Agreement, applicable laws, and/or furnishing of any false or incorrect information/ misrepresentation to IIDIL or permitting deposit or withdrawal of Bullion in breach of any order, decree, injunction or covenant or law in force or the Vault Manager (or any of its employees including directors, managers, officers and agents) otherwise committing any default in observance of its obligations under the applicable laws including the Bullion Exchange Regulations, Operating Guidelines, Bye Laws or Bullion Operating Instructions or under this Agreement.



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### 21 Term and Termination

- 21.1 This Agreement shall be valid from the execution date and shall continue unless terminated as provided below.
- 21.2 This Agreement may be terminated:
- 21.2.1 by either party by giving a prior notice of 30 (thirty) days to the other party; or
  - 21.2.2 by mutual written agreement between the parties; or
  - 21.2.3 immediately upon cancellation of registration of Vault Manager by IFSCA; or
  - 21.2.4 immediately upon the Vault Manager surrendering the certificate of registration to IFSCA.
- 21.3 Upon termination of this Agreement for any reason whatsoever, the Vault Manager shall:
- 21.3.1 immediately cease to provide vaulting services to IIDIL;
  - 21.3.2 immediately take necessary steps to ensure transfer of existing physical Bullion in its vault to another vault registered with IFSCA;
  - 21.3.3 continue to discharge its obligations in respect of existing physical Bullion deposit till the time such transfer of physical Bullion is completed;
  - 21.3.4 submit copies of all such documents/ records/ returns with IIDIL as may be so requested by IIDIL; and
  - 21.3.5 comply with all such directions as may be issued by IIDIL/ IFSCA in respect dealing with the existing physical Bullion.

### 22 Further assurance

- 22.1 The Vault Manager undertakes that it shall, and shall cause its employees, agents, advisors, affiliates, members, director and officers, to execute/ furnish all such documents/ certificate/ information/ papers/ reports and/or take or cause to be taken all such further actions as may be required to fulfil the obligations under the terms of this Agreement and/or comply with the provisions of the applicable laws including the IFSCA Act, Bullion Exchange Regulations or the Operating Guidelines, and the Bye Laws and Bullion Operating Instructions issued by IIDIL and/or the directions/ orders of IIDIL, to the satisfaction of IIDIL, and any breach or non-compliance thereafter shall be to the sole account of the Vault Manager.

### 23 Stamp duty

- 23.1 Any stamp duty (including interest or penalty levied thereon) payable on this Agreement and/or any deed, document or writing executed in pursuance hereof between the parties hereto shall be borne and paid by the Vault Manager.

### 24 Force Majeure

- 24.1 Notwithstanding anything contained herein, however subject to the applicable laws including the Bullion Exchange Regulations, Operating Guidelines, Bye Laws, Business Rules, neither party hereto shall be liable to indemnify or compensate the other for any breach, non-performance or delay in performance of any obligations under this Agreement or for any harm, loss, damage or injury caused to the other due to causes reasonably beyond its control including but not limited to tide, storm, cyclone, flood, lightning, earthquake, fire, blast, explosion or any other act of God, war, rebellion, revolution, insurrection, embargo or sanction, blockade, riot, civil commotion, labour action or unrest including strike, lock-out or boycott, interruption or failure of any utility service, enemy action, criminal conspiracy, act of terrorism or vandalism, sabotage, unanticipated technological or natural interference or intrusion, loss or damage to satellites, loss of satellite linkage or any other data communications linkage, loss of connectivity or any other irresistible force or compulsion.

### 25 Service of Notice

- 25.1 Any notice or communication required to be given under this agreement shall be in writing, and shall be legally effective only when it is delivered to the addressee at the last known address in the manner prescribed in the Bullion Operating Instructions.

**26 Severability**

- 26.1 If any provision of this Agreement shall be held or adjudged by any competent court, tribunal or regulatory authority to be unlawful, void or unenforceable or if any such provision is rendered void or unenforceable by reason of any statutory amendment, notification or any judicial decision, such provision shall to the extent required be severed from this Agreement and rendered ineffective as far as possible without modifying the remaining provisions of this Agreement but shall not in any way effect the validity or enforcement of the rest of the provisions of this Agreement which shall continue to apply with full force and effect.

**27 Amendments/Modifications at IFSCA's instance to be binding**

- 27.1 The parties hereto shall be bound by any additions, alterations, modifications, amendments or deletions to this Agreement or to any provisions thereof as may be required or directed by IFSCA and shall execute all such deeds, documents or writings as may be required for giving effect thereto.

**28 No Waiver**

- 28.1 Neither party hereto shall be deemed to have waived, abandoned or relinquished any right, power, privilege or remedy available to it under this Agreement or in law except by a writing executed in that behalf and no failure or delay on the part of any of the parties hereto in the exercise of such right, power, privilege or remedy shall operate as a waiver thereof or as a waiver of any preceding or succeeding breach by the other party to this Agreement nor shall any single or any partial exercise of any right, power, privilege or remedy preclude any other or further exercise of such or any other right, power, privilege or remedy available under this Agreement or otherwise available in law or in equity it being agreed that all such rights, powers, privileges and remedies are several and cumulative of each other.

**29 Arbitration and Conciliation**

- 29.1 The parties hereto shall, in respect of all disputes and differences that may arise between them, abide by the provisions relating to arbitration and conciliation specified under the Bye Laws. The place of arbitration shall be Gandhinagar.

**30 Governing Language**

- 30.1 All deeds, documents and writings that may be executed and all correspondence that may be exchanged between the parties hereto in relation to the subject matter of this Agreement shall be in English language, which shall be the governing language between the parties hereto.

**31 Governing Law**

- 31.1 This Agreement shall be governed by and construed in accordance with the laws in force in India.

**32 Jurisdiction**

- 32.1 The parties hereto agree to submit to the exclusive jurisdiction of the courts in Gandhinagar.

**33 Headings**

- 33.1 The headings in this Agreement are for convenience and reference only and shall in no way affect the construction or interpretation of this Agreement.

**34 Interpretation**

- 34.1 Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and any reference to any statute, enactment or legislation or any provision thereof shall include any amendment thereto or any re-enactment thereof.

**35 Execution of Agreement**

- 35.1 This Agreement is executed in duplicate and a copy each shall be retained by each of the parties hereto.
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#### THE GUJARAT GOVERNMENT GAZETTE PART-II (Ext.) Dt. 26-02-2024

IN WITNESS WHEREOF the parties hereto have hereunto set and subscribed their respective hands and seals to this Agreement in duplicate on the day, month, year and place first hereinabove mentioned.

**SIGNED AND DELIVERED** )

by the within named “**IIDIL**” )

**INDIA INTERNATIONAL** )

**DEPOSITORY IFSC LIMITED** )

by the hand of its authorized )

representative Shri [•] )

in the presence of )

1.

2.

**SIGNED AND DELIVERED** )

by the within named “**Vault Manager**” )

[•] )

by the hand of its authorized )

representative Shri [•] )

in the presence of )

1.

2.

#### Schedule 1

Bullion shall mean gold and/or silver bars of such minimum quantity as may be prescribed by IFSCA from time to time, which are to be traded on the Bullion Exchange to whom IIDIL has agreed to provide depository services.

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